Whose Bills? Corporate Interests and Conservative Mobilization Across the U.S. States, 1973-2013

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ABSTRACT

In recent decades, conservative groups have become increasingly active in mobilizing corporations to press their interests not just on the U.S. Congress and federal agencies, but also on legislatures in the fifty U.S. states. Why and how has such mobilization occurred, what accounts for its effectiveness in certain contexts, and what has been the response from liberal actors? To develop answers to these questions, this dissertation examines the rise and impact of one group – the American Legislative Exchange Council (ALEC) – and two of its allies, the State Policy Network (SPN) and Americans for Prosperity (AFP), on the American political economy.

Using a combination of archival evidence, interviews, and quantitative analyses, I document the ways that ALEC has developed especially effective strategies for negotiating the tensions inherent in coalitions between diverse businesses and political conservatives, and also how the group has exploited the low levels of policy resources available to lawmakers in many state legislatures.

Next, I illustrate how the two newer networks – SPN and AFP – have bolstered ALEC's efforts in the states. Using two important case studies – retrenchment of public employee bargaining rights and the implementation of the Affordable Care Act – I show how the strength and coordination of these three networks exerts an independent effect on the substance of state policy. I also discuss the reasons why left-wing efforts to construct a similar infrastructure of

progressive cross-state lobbying groups have faltered.

In the final empirical chapter, I look at the companies that have chosen to participate in ALEC and SPN. I find that above all, companies with greater threats from public policy were more likely to rely on these organizations. The second half of the chapter turns from explaining participation in ALEC to its effects on individual companies. My analysis shows that companies that participate in ALEC for longer periods of time are more likely to hold conservative policy stands and to exhibit less socially responsible labor and environmental practices. The conclusion summarizes the major contributions of the dissertation, and discusses its implications for debates about money in politics and political representation in an era of increasing inequality.

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PREFACE

Gene Whisnant is a genial retiree from central Oregon who loves to talk baseball. After 27 years of service in the Air Force, Whisnant decided to get involved in politics, and has served in Oregon's lower chamber since 2003.[1] Shortly after arriving in the legislature, Whisnant was approached by a former state senator, who encouraged him to consider joining a national association of legislators called the American Legislative Exchange Council (or ALEC, for short). Describing his longstanding involvement in that group, Whisnant smiles and proudly notes that while all legislators are automatically members of the non-partisan, non-profit National Conference of State Legislatures, he has made the decision to join and stay involved in ALEC on his own, readily paying the $50 dues required by the group each year.

What makes Whisnant so proud of his participation in ALEC? He notes that the first thing to understand about what he gets from the group is how many state legislators in Oregon are actually serving only part-time, "working their tails off" to get anything done. And while he is retired, giving him more time to spend on the job as opposed to his younger colleagues, Whisnant notes that he does not have much help from expert staffers who could do research for him. His staff consists of his wife, who works half-time, and an aide who works three days per week when the legislature is in session (reported in Cole 2012). Whisnant's situation is far from uncommon. In recent years, Oregon legislators were paid about $22,000 per year – hardly enough for a family to live on without a second job or another source of income. Though this may come as a surprise for readers not immersed in the day-to-day work of state politics, Oregon

[1] This biographical information is from Whisnant's interview with Travis H. Brown at the 2013 annual ALEC meeting. Available online: https://www.youtube.com/watch?v=-RPdSvabMsk.

actually pays its legislators only a bit less than the national average in states that offered salaries to their members.[2] The state ranks at about the national average for the number of staffers per elected official as well.[3] Across the United States, many legislatures are run without much in the way of professional lawmakers or staff.

Without that help, how does a state legislator like Whisnant with so few resources get the ideas, research, legislative language, talking points, polling, and expert witnesses that are necessary to make policy? That's where ALEC comes in. For his $50 per year membership dues, Whisnant gains access to nearly one thousand pre-written bills on a variety of social, economic, and political issues, ranging from environmental standards to health insurance regulation to tort reform and voting requirements. But it is not just policy proposals that ALEC offers. As an ALEC member, Whisnant also gains access to a deep bench of policy researchers and experts who would be happy to help him build the case for a particular model bill from the group's archives. "We have such limited staff that [ALEC] helps us look at things and consider them," Whisnant explains approvingly about the group.

Whisnant's report in a 2011 newsletter nicely lays out how the ALEC process works (Whisnant 2011). After attending several annual meetings and reading through the group's materials, Whisnant decided to take ALEC-inspired action on budget reform. He first hosted a local briefing in the statehouse, which was led by visiting ALEC staffers from Washington, DC, but also included 50 Oregon legislators, aides, and local business leaders allied with ALEC. Following that convening, Whisnant took model legislation already developed by ALEC and

[2] Author's analysis of Council of State Governments' Book of the States dataset.

[3] Author's analysis of National Conference of State Legislatures' total staff dataset.

introduced it under his own name. Several of these provisions were ultimately enacted by the legislature, including measures that changed the budgeting methods used by the state that aligned with key conservative priorities. Whisnant, then, was able to replace his public staff (or lack thereof) with the private resources provided by ALEC to develop, promote, and ultimately pass policy change.

Whisnant isn't alone in his enthusiasm for the group. ALEC's current membership numbers at a little under 2,000 public officials, or just under a third of all state legislators (Pilkington and Goldenberg 2013). This, of course, should come as no surprise given that legislators in so many states lack adequate resources to develop policy on their own. As a result, through processes similar to the one Whisnant followed in Oregon, ALEC can claim credit for hundreds of bill introductions each year. Slightly less than a fifth of those introduced bills, on average, are actually translated into law.[4] But where do ALEC's policy ideas come from? And where does the group obtain the funds necessary to provide such valuable services to legislators like Whisnant? For answers to those questions, we must turn to the other half of the group's membership: corporations.

Enron's Pitch in the Big Easy

Before its leaders were found guilty of massive accounting fraud, Enron was a leader in the resale of electricity. Enron aimed, in essence, to develop a market for buying and selling contracts based on changes in the prices of electricity. Its growth in this market, however, depended on its ability to buy and sell electricity across state lines and to dismantle local utility

[4] See chapter 2 for a more systematic analysis. By ALEC's own scorekeeping, it succeeds in enacting about 100 bills per year, and introducing about 800 to 1,000.

monopolies (Ismail 2014). Those were decisions that largely rested in the hands of state legislators – like Gene Whisnant – and not necessarily the federal government.

Faced with 50 different state legislatures, each with different cultures and constellations of interest groups, what was a single company like Enron to do? Although Enron invested in building a stable of its own lobbyists across the states, as well as relying on barnstorming by chairman Kenneth Lay and other close allies – including then-Texas governor George W. Bush – a key element of Enron's statehouse circuit strategy involved the same group that Whisnant praised so highly (Wayne 2002).

Enron became involved in ALEC in the mid-1990s, participating in the group's energy and environmental policy task force alongside Koch Industries, another firm seeking electrical deregulation. Under Enron's leadership, that ALEC task force drafted and approved model legislation that would deregulate state energy markets. It also produced several guides and research papers offering policy arguments and empirical evidence in favor of deregulation that legislators could use to persuade their colleagues and constituents. Those bills and materials were then disseminated to all several thousand of the group's elected members in legislatures in all fifty states.

As a final pitch to ALEC's membership, Enron underwrote a substantial portion of ALEC's annual meeting the following year in New Orleans. At the 1997 meeting in the city's Hyatt Regency, Kenneth Lay delivered a keynote welcoming address to the assembled body of state legislators (ALEC 1997a). The topic of Lay's speech should be obvious by now: the need for deregulation of state electrical utilities and the interstate sale of power. On the next day of the conference, there was also a special session for legislators interested in "Creating a Free Market and Consumer Choice in Electricity" on precisely those themes.

Enron's aggressive campaign waged through ALEC was quite successful, and eventually 24 states adopted some form of deregulation between 1997 and 2000 (Wayne 2002). Still, Enron didn't win everything it wanted from all states. In Whisnant's home state of Oregon, for example, Enron only managed to pass partial deregulation. According to the Sierra Club's chapter in that state, Enron "came in like a house of fire and we cooled their jets. Once they realized they wouldn't be allowed to do what they wanted, they lost interest. They came in with a blatant attempt to roll the legislature and impress everyone with how important they were compared to podunk Oregon. We didn't like it" (quoted in Wayne 2002). But the Sierra Club's partial victory in Oregon was beside the point: Enron was playing the whole field of state governments and had already won in many other states. The company could afford a few losses so long as there were bigger victories in other states. In fact, ALEC has been emphasizing this point to businesses for some time. "In the states, if you're trying to get [something] passed and you've lost in Kansas, Nebraska and Texas, it's not a total failure. You may well win in Arizona, California and New York that year. You've got 50 shots," stressed one of ALEC's early executive directors (quoted Peirce and Guskind 1984).

Enron's strategy in the case of electricity deregulation represents a broader lesson that other large national companies have learned since the 1980s. State governments not only control policy policies with substantial implications for corporate bottom lines. Statehouses also represent battlegrounds where businesses have particular structural advantages that are unavailable to other, less mobilized actors, especially when they can work through groups like ALEC. In this regard, Enron was not unique in its turn to ALEC. The group has boasted a membership of around 200 of the largest and most prominent firms in the country. Although the membership of the group is not made public, in the past its corporate backers have included firms such as Amazon, FedEx, Google, UPS, Facebook, Kraft Foods, McDonald's, Visa, and State Farm Insurance. Those companies provide the main financial support for ALEC's annual budget of some six to eight million dollars each year.[5]

This sort of national business mobilization in statehouses across the country through groups like ALEC has been a crucial, yet understudied development in American politics. As a result, it warrants a close examination in its own right. At the same time, studying this pattern of corporate mobilization provides insights beyond the states, offering a deeper understanding of the mechanics of business power that are applicable at the national level in the United States and in other capitalist democracies.

As we will see, the current scholarship on corporate influence has struggled to identify a consistent effect of business mobilization on public policy. For instance, students of American politics have spilled substantial amounts of ink debating whether corporate spending on elections has an effect on the ways that politicians vote on bills in Congress. Yet that work all but ignores the ways that businesses can influence policy by building long-term relationships with legislators, like Whisnant, who lack the staff, time, and resources they would otherwise need to develop policy on their own. In a similar vein, current scholarship has tended to ignore the instances when companies – like Enron – turn to business associations for help promoting policy, and how those associations might ultimately influence how their member firms perceive their economic interests and policy preferences. As the following pages document, the rise of corporate alliances with conservative political activists has dramatically reshaped the American political economy.

[5] ALEC budget data from IRS tax returns.

INTRODUCTION

"Any government official who understands the requirements of his position and the responsibilities that market-oriented systems throw on businessmen will therefore grant them a privileged position. He does not have to be bribed, duped, or pressured to do so. Nor does he have to be an uncritical admirer of businessmen to do so. He simply understands, as is plain to see, that public affairs in market-oriented systems are in the hands of two groups of leaders, government and business, who must collaborate and that, to make the system work government leadership must often defer to business leadership. Collaboration and deference between the two are at the heart of politics in such systems. Businessmen cannot be left knocking at the doors of the political systems, they must be invited in." – Charles Lindblom, *Politics and Markets* (1977)

"Corporations and other investor contributors may still have substantial influence on policy. Evidence for this idea, however, is thin. We have surveyed an extensive literature and conducted our own analyses of legislative decision making. [Corporate campaign contributions] explain a miniscule fraction of the variation in voting behavior in the U.S. Congress." – Stephen Ansolabehere, John de Figueirdeo, and James M. Snyder, *Why is There So Little Money in U.S. Politics?* (2002)

"While our analyses do not suggest that money is unimportant, they do show that money alone does not buy policy outcomes." – Frank R. Baumgartner, Jeffrey M. Berry, Marie Hojnacki, Beth L. Leech, David C. Kimball, *Lobbying and Policy Change* (2009)

Americans have long been uneasy about the involvement of business in politics. From Thomas Jefferson's concerns about moneyed interests at the founding of the American republic to Teddy Roosevelt's "trust busting" campaign in the Progressive Era to Ralph Nader's consumer rights movement in the 1960s and 1970s, citizens, advocates, and social movements have all worried about the role that companies play in the policymaking process. Despite this longstanding tendency of Americans to worry about corporate power, our concerns seem to have magnified in recent decades. The *New York Times*, for instance, has nearly doubled its coverage of "business and politics" since 1970s.[6]

Much of this new attention has focused on the relationship between rising income inequality, especially among the very richest households, and lobbying by economic elites. As is now well known, the concentration of income has skyrocketed since the mid-1970s, returning to levels not seen since shortly after the turn of the twentieth century. The top one percent claimed 19 percent of all income in 2012, up from a mid-century low of eight percent.[7] Similar – if starker – trends hold for wealth concentration (the top 1 percent commanded about 40 percent of all wealth in recent years; Saez and Zucman 2014). Journalist Chrystia Freeland has articulated the logic linking the rising concentration of economic resources with the political access of the wealthy well, arguing that "it is no accident that in America today the gap between the very rich and everyone else is wider than at any time since the Gilded Age. Now, as then, the titans are seeking an even greater political voice to match their economic power. Now, as then, the inevitable danger is that they will confuse their own self-interest with the common good"

[6] Examining the share of articles written about "business and politics."

[7] Author's tabulations of World Top Incomes Database.

(Freeland 2012b, 2012a; for a sampling of other recent accounts see also West 2014; Nichols and McChesney 2013; Stiglitz 2012; Reich 2012).

President Obama, too, has repeatedly voiced similar concerns, perhaps most notably in a speech on inequality meant to invoke Teddy Roosevelt's denunciation of corporate "special interests." In those remarks, Obama expressed his fear about the ways in which inequality "distorts our democracy," in particular how disparities in economic resources give "an outsized voice to the few who can afford high-priced lobbyists and unlimited campaign contributions, and it runs the risk of selling out our democracy to the highest bidder."[8]

Yet even as journalists and politicians have drawn the public's attention to the ways that inequality might be caused – and ultimately reinforced – by the political activities of corporate America and the wealthy, political scientists have struggled to provide an account of how such influence might work in practice, and to assemble evidence showing that such patterns have actually occurred. Rigorous case study and quantitative research in American politics has painted a mixed picture at best, with several leading scholars even concluding that the resources commanded by organized interests – such as the size of their lobbying budgets or their donations to politicians' electoral campaigns – do not seem to matter much for policy outcomes.[9]

As Frank Baumgartner and his colleagues concluded after a rigorous assessment of lobbying on a variety of issues in Washington: "the most fundamental result of our initial review of the linkages between money and power is that there is not much to talk about…the richest side does not always win" (Baumgartner et al. 2009, 206). Similarly, Stephen Ansolabehere, John de

[8] December 6, 2011. Remarks by the President on the Economy in Osawatomie, Kansas.

[9] See especially the summary in Schlozman et al. 2012, chapter 10.

Figueiredo, and James Snyder's reading of the literature on campaign contributions and policy outcomes is that "the evidence that campaign contributions lead to a substantial influence on votes is rather thin. Legislators' votes depend almost entirely on their own beliefs and the preferences of their voters and their party" (Ansolabehere et al. 2003, 116; though see Ferguson 1995; Powell 2012; Hacker and Pierson 2010b; Clawson et al. 1992 for opposing perspectives).

In short, there is no clear evidence that the greater concentration of economic resources among firms and wealthy individuals would necessarily translate into greater political influence. Perhaps, however, this conclusion is muddled by examining different kinds of organized interests together. A longstanding argument advanced by some political scientists and sociologists is that businesses are different from other political actors, possessing a "privileged position" in our political system (Lindblom 1977; see also Block 1977; Culpepper and Reinke 2014). Given that firms are responsible for generating economic growth and employment in our capitalist economy, these scholars have speculated that legislators must pay special attention to the preferences of business over and above other interest groups, especially those – like labor unions – that seek to impose costs on capital.

But even looking specifically at the political influence of business, there is no consensus that the power of corporations has grown, or that it is necessarily more influential compared to other organized interests. To be sure, some scholars have indeed argued that businesses have become much more mobilized in politics since the 1970s, and that this mobilization has translated into substantial influence over a range of economic policy issues, like taxes, regulation, and social benefits (Hacker and Pierson 2010a; Edsall 1989; Ferguson and Rogers 1987; Drutman 2015). At the same time, however, others have argued that businesses are actually least successful when they are most politically mobilized (Smith 2000), and in order to retain influence in capitalist democracies, businesses must take seriously the needs and preferences of ordinary consumers (Trumbull 2012). These findings resonate with the pluralist tradition in American politics, which emphasizes the fact that political coalitions are constantly changing, such that businesses that are victorious in one round of a policy dispute may find themselves on the losing end of subsequent policy deliberations (Dahl 1961; Baumgartner et al. 2009).

It is these seemingly incongruous findings that motive this manuscript. How can it be that businesses have become substantially more organized and mobilized since the 1970s – and yet that activity has not translated into greater legislative success, or at least victories that are observable using rigorous empirical methods? I argue that political scientists have been looking for the influence of business in all the wrong places, missing important exercises of business power across the states and through non-electoral and non-financial pathways. I also argue that scholars of American politics have generally neglected the inner workings of business associations and their implications for business mobilization and power. I explore each of these issues in turn.

In their unwavering focus on the power business commands in the halls of Congress and the White House, scholars have tended to neglect the fifty states (but see Gray and Lowery 2000 for interest group influence in the states more generally). This oversight has both theoretical and empirical consequences for the study of business influence. As the example of Enron showed earlier, the states are often responsible for shaping markets in very consequential ways for individual firms. An exclusive focus on the federal government misses these cases. What is more, businesses came to recognize that they could command structural advantages operating across the states, rather than at the federal level. Thus not only does an exclusive focus on

Washington limit scholars' range of vision of the potential cases of business participation in politics, it systematically ignores key political strategies that companies have developed over time. It also ignores the ways that American politics offers well-resourced actors many opportunities to pursue the same policies again and again in different venues.

In a similar manner, students of corporate influence have tended to direct disproportionate attention on electoral contributions as firms' main mechanism of influence. It is certainly true that campaign contributions from business have grown dramatically over time, and easily outweigh contributions from other sources, like labor unions or ideological groups. The Center for Responsive Politics, for instance, estimates that business interests' giving dominates labor donations by a ratio of fifteen to one.[10] But while contributions are (relatively) easy to identify and analyze, making them an appealing focus for researchers, such electoral giving is not the only way that firms can influence the decisions made (or not made) by elected officials. Indeed, if anything, this focus on contributions has led many scholars to discount other pathways for influence.

A final important oversight in current work on business power involves the interaction between business associations and their members. Such national organizations of firms (and in some cases, politicians and political activists) represent a crucial component of the economic and political landscape. Though political economists have pointed out that American business groups are relatively weak in comparison to their counterparts in Western Europe, associations such as the U.S. Chamber of Commerce, the Business Roundtable, and ALEC still play a central role in shaping American public policy. Current scholarly efforts to study these groups generally limit

[10] See especially https://www.opensecrets.org/overview/blio.php.

their focus to the role business associations play in providing campaign contributions to U.S. lawmakers, or in lobbying elected officials.

But as scholars of comparative politics remind us, industrial relations organizations are important not just because of their interactions with government, but also because of their relationships with individual firms (Schmitter and Streeck 1999 [1981]; Martin and Swank 2012). These groups provide information, forge social ties, and foster particular perspectives on the world that corporate executives might not otherwise possess. Despite the potential payoff to studying American business groups, there is only minimal work on such issues, and even less from political scientists, as opposed to sociologists (Mizruchi 1992, 2013) and historians (Waterhouse 2013; Phillips-Fein 2009; but see Martin 1995, 2000; Hacker and Pierson 2016; Smith 2000). Where do these organizations come from? Which firms join, and why? How do national business groups differ in their structures, and what implications does this variation have for their members? How do such groups manage the relationships between firms with different (and perhaps opposing) policy preferences? How do they manage tensions between political activists and firms? All of these are open questions, with answers that have substantial bearing on our understanding of corporate power in the United States.

The Approach

My manuscript addresses each of these three issues with the current state of research on corporate power in American politics. In this project, I focus on the rise of business mobilization in state government through new associations, primarily ALEC, but also the State Policy Network (SPN), a network of business-backed, conservative state think tanks, and Americans for Prosperity (AFP), a national federated political advocacy group that is a core component of the political network created and directed by the wealthy libertarian industrialists Charles and David

Koch. I first investigate why these organizations formed, as well as the challenges such groups faced in assembling a sustainable coalition of conservative activists and corporate executives, and how they have worked together over time to promote a common agenda, aided in significant ways by savvy philanthropists. Drawing on extensive organizational archives in chapter 1 – recovered through eclectic methods, including records from past litigation, the work of investigative journalists, and tax filings – I find that ALEC was created in response to deep fears on the part of conservative activists. A number of current and former right-leaning legislators, both at the state and federal level, realized that their movement was losing ground across the states, particularly because of the rise of state and local public unions, which had rapidly expanded in the late 1960s and early 1970s. They noted that public sector unions (especially teachers unions) had been aggressive in participating in the policymaking process, and disseminating legislation across the states to expand the size of government.

To counter the threat posed by a growing public sector labor movement, leading conservatives established ALEC, and later, SPN, to bring pro-business, free-market ideas to state government. Crucially, individual firms were not initially members of ALEC – and so the group's leaders had to find a way to appeal to hard-nosed, profit-minded executives. In contrast to the received wisdom that conservatives and corporate interests are natural allies, ALEC's leaders discovered that forming this coalition was not necessarily an easy task, especially because the group's initial policy agenda (favored by conservative philanthropies, the group's initial funders) leaned towards controversial social issues. These priorities – like abortion or the Equal Rights Amendment – were of little interest to most businessmen. What is more, ALEC had to manage tensions between companies with conflicting policy priorities, a perennial problem in the pluralistic American political economy (e.g. Martin 2006). It took ALEC leaders nearly a decade – and near-bankruptcy – to develop the strategies that would ultimately prove to be successful. This chapter thus underscores the common challenges that political leaders face in creating broad and successful assemblages of conservative activists and corporate executives in the American political economy – but also specific tactics that group leaders can use to overcome those barriers. For instance, I find that ALEC and SPN were most successful when they could stay clear from public attention, and thus they developed structures that permitted them to operate in a very low salience manner. I experienced this strategy of minimizing public visibility firsthand, when I was paid by SPN *not* to attend their 2013 annual conference in Oklahoma. I had already registered for the conference and booked my hotel and air travel when I was contacted by a conference organizer, who informed me that after looking into my background, I would not be permitted to attend the event. When I mentioned that I might fly to Oklahoma anyway to interview participants outside of the conference venue, the organization offered to return my registration fee, as well as to reimburse me for my cancelled hotel and airfare charges. (I eventually accepted their offer after it became apparent that I would not gain much from traveling to the conference against their wishes.)

Chapter 2 introduces a new set of methods and data to answer very old questions in political science: who governs and why?[11] After discussing the challenges faced by scholars in identifying the influence of business, including the problem of measuring the actual preferences of firms, as opposed to strategic posturing (Hacker and Pierson 2002; Broockman 2012) and capturing the causal effect of those firms at different stages in the policymaking process, I describe my approach. I take advantage of an extensive archive of leaked corporate proposals for

[11] This chapter draws on joint work with Konstantin Kashin.

policy change, authored by the businesses involved in ALEC, which were drafted behind closed doors and not intended for public distribution (at least until 2012). Gathered through creative and persistent use of investigative journalism, court records, pleas with state legislative libraries, and leaks from inside ALEC, these legislative proposals give us as clear a picture as any of what businesses said they wanted from state government when they thought the public was not paying attention. I supplement this archive of business proposals with a second dataset of all state bills introduced or enacted by legislators from roughly 1995 to 2013.

Merging these two archives together, I leverage text analysis methods to see how much state bills drew on the original business-drafted proposals – in essence, plagiarism detection, but for lawmakers instead of lazy students. Using these text reuse detection methods, I can see how many business-backed bills legislators introduced and enacted in each state and year. I use this data to provide a rich picture of how business influence has varied over the fifty states from 1995 to 2013.

There are several important conclusions that emerge from the analysis in chapter 2. First, the number of bills based on ALEC-drafted proposals – both introduced and enacted – has increased over the past two decades. This chapter also identifies large and systematic cross-state differences in legislators' likelihood of introducing and enacting ALEC model bills. Some states have been persistently more likely to rely on business ideas for their public policies. Next, I show that the passage of corporate-authored bills has had real consequences for states. States that enacted more legislation based on ALEC language had substantially less progressive tax codes and weaker public sector labor unions – even after accounting for other political and economic factors in those states. Reflecting both of these patterns, I find that states that enacted more

ALEC-drafted legislation also had higher levels of inequality at the top of the income distribution (though not the very top).

Having established that business-drafted model legislation has become increasingly prevalent across the states, and that it has had important implications for states' economic and political landscapes, I turn to the factors that explain when and why legislators rely on such proposals. Using the estimates of plagiarized ALEC bills described in the earlier chapter, I test a variety of hypotheses about cross-state differences in business power. I examine the importance of the power resources of the left and labor, economic conditions, campaign contributions from business, and the strength of the news media in each state. I also introduce an alternative explanation of my own. Following the intuition offered by Gene Whisnant in the first pages of this manuscript, I argue that legislators are more likely to turn to ALEC when they lack the time, resources, and expertise needed to author, analyze, pass, and implement legislation on their own. ALEC and its allies, in essence, lower the cost of passing business-friendly bills through model legislation, research assistance, political information, and networking events. In the absence of similar groups operating on the left, we should thus see that the legislators who are most strapped for resources and expertise (especially junior, inexperienced members), as well as states with only weakly professionalized legislatures (such as those with few staff resources and those that pay legislators very little), would be more likely to rely on business-drafted proposals.

Assessing state-level variation across time, I find that the most consistent explanatory factor was indeed the level of policy resources offered to state lawmakers. More professionalized legislatures were consistently less likely to introduce and enact ALEC-derived bills compared to less professionalized legislatures. Power resources-based explanations, especially partisanship, received some support as well, especially in more recent years.

Having identified the broad characteristics of states that shape business's ability to influence state legislation, I next turn to an analysis of individual state lawmakers in chapter 3. Not only does this investigation provide an additional opportunity to test competing theories of business influence, but it also offers a chance to hold broad state-level characteristics – which might otherwise confound my analysis – constant, as I am looking at variation in legislators' propensity to turn to ALEC bills *within* states. I show that more junior lawmakers were much more likely to rely on ALEC proposals for their legislation compared to their more senior counterparts, and this effect was magnified for conservative legislators. Party affiliation mattered too, but not nearly as much as ideology. These effects persist even after I account for legislators' district characteristics, including their constituents' ideologies. Consistent with the findings from the state-level analysis, campaign contributions did not matter, and if anything, lawmakers who received greater business contributions were *less* likely to turn to ALEC for help drafting bills. I show that this is because businesses tended to concentrate their giving on more senior and experienced lawmakers, precisely the politicians who are least reliant on ALEC's proposals and research services.

Throughout this chapter, I supplement the quantitative analyses with a variety of qualitative sources of evidence in support of the policy capacity theory of business influence. For instance, I present interviews from a range of state legislators who confirm the importance of groups like ALEC for harried, inexperienced, and part-time lawmakers. I also turn back to the group's archives to show its organization leaders clearly understood the strategic advantage they possessed in states with weak policy capacity and among junior lawmakers, and marketed themselves to public officials accordingly.

In chapter 4, I expand my range of vision to encompass two other newer networks of right-wing political activists and private sector firms, the State Policy Network and Americans for Prosperity, which have bolstered ALEC's efforts in recent decades. I explore how these organizations evolved and how they closely coordinate with ALEC in the pursuit of a common policy agenda. Reviewing two major policy debates across the states in recent years – blocking Medicaid expansions to cover poor and previously uninsured adults and retrenching the bargaining rights of public sector labor unions – I find a major role for all three of these networks, which I dub the "right-wing troika." These three groups worked hand-in-glove, with ALEC pumping out the model bill language and promoting the proposed policy among state lawmakers, SPN affiliate think tanks generating research and media commentary supportive of the policy change, and AFP marshaling grassroots support and advertising in favor of the proposal.

Using new measures of the strength and degree of coordination between these three networks across the states, I show that the mobilization of the right-wing troika provides a strong explanation for which states decided to buck the national health reform law passed in 2010 and withhold health insurance expansions for the uninsured poor – a measure that ALEC, SPN, and AFP all worked tirelessly to oppose. In a similar vein, I show that even net of partisan control of state government, public opinion, and economic conditions, the activities of the right-wing networks, including ALEC, helped to explain where we saw states legislating cutbacks to public sector labor unions during the 2011-2012 legislative session. The defeat of public sector labor unions was a central priority for these groups, which recognized the danger that those unions posed to their ability to pursue their policy objectives in the states.

The final section of this chapter examines how coordination between SPN and ALEC developed over time. Far from being an organic, bottom-up process, I show how the SPN national offices engineered close coordination between the two networks by strategically providing large grants to affiliates to partner with ALEC. This analysis illustrates how philanthropy can be a useful lens through which to view political organizations (cf. Walker 1991) – a conclusion also seen earlier with the creation of ALEC in chapter 1. The ways that funders choose to give grants (or not) to political groups can change those groups' incentives, structures, and ultimate successes.

I move from the right to the left in chapter 5 to assess why we have not seen a more robust liberal response to the right-wing troika of corporate and conservative state policy networks. I find that the failure of a liberal state policy infrastructure is not for lack of effort, and I document how progressive political entrepreneurs repeatedly tried to launch groups that could match the strength of ALEC and SPN but ultimately failed in the face of insufficient funding, too much of an organizing focus on traditional liberal enclaves, and a lack of coordination between disparate groups all competing for scarce funding.

The final empirical chapter looks at the development of ALEC and SPN from the perspective of individual firms. I investigate a range of potential motivations for why large American firms would choose to join such groups and invest considerable resources in their activities. I identify several important conclusions about when companies turn to conservative political coalitions. Consistent with past research on corporate political engagement, I find that larger firms were much more likely to participate in ALEC and SPN compared to smaller firms, as were firms that were already engaged in high levels of national political activity. Membership and participation in ALEC and SPN are complements, then, not substitutes, to more traditional activities like giving to political candidates and hiring Beltway lobbyists. In addition, the analysis I present suggests that firms turn to these new state-based business groups when faced with policy threats from the government, or threats of mobilization from labor. Lastly, I find a strong geographic component to ALEC and SPN membership: even after controlling for a host of firm- and state-level factors, Southern companies were much more likely to participate in these groups compared to firms outside of Old Dixie, a finding that squares well with the broader low-wage industrial strategy of companies operating in that region (Cobb 1993; Lind 2012).

These factors help us to make sense of Enron's decision to turn to ALEC, introduced in the preface: the firm was already quite politically active in some respects (the firm gave over a million dollars in campaign contributions in 1996, and spent at least another million dollars on lobbying in 1998, according to the Center for Responsive Politics[12]), and participation in ALEC was an important complement to its other lobbying and electoral giving. Perhaps most importantly, Enron faced a specific regulatory threat from state governments, which is what motivated the firm to join the group in the first place. Aside from Enron, I present case study evidence from both the health insurance and high tech industries that illustrate the importance of these factors for explaining corporate participation in coalitions with conservative activists.

While these factors predict which firms became involved in ALEC and SPN initially, there is another puzzle to corporate participation in these groups. Both organizations began to receive substantially more media attention in the wake of several high profile news stories about their support for controversial self-defense and voter ID laws starting in 2011 and 2012 (Pilkington and Goldenberg 2013). Progressive activists pressured businesses to leave both

[12] See here: https://www.opensecrets.org/orgs/summary.php?id=D000000137.

groups, and ultimately a number of companies did sever their ties to ALEC and SPN (Lichtblau 2012). What explains the variation in which firms decided to leave and those that decided to stay, despite the considerable negative publicity that continued membership in ALEC and SPN entailed? My second analysis in this chapter shows that threats from the labor movement and from the government (especially in the form of increased regulation) made firms more likely to retain their membership. So too did an affiliation with other national business associations with conservative leanings. Finally, one of the best predictors of whether a firm left or not was its vulnerability to changes in consumer sales. Companies that were more dependent on consumers, rather than other firms, for their profits were much more likely to part ways with ALEC and SPN, a testament to the continued importance of consumer activism for changes in firm behavior (Vogel 2005).

In the last part of the chapter, I examine what happens to firms once they have been participating in ALEC for a number of years, and how that differs from other national business groups. Building on work in economic sociology and comparative political economy (DiMaggio and Powell 1991; Spillman 2012; Martin and Swank 2012), I hypothesize that membership in these groups is deeply relevant for how firms construe their interests and construct their preferences for public policy. Yet not all business associations should have the same effects on firm behavior – I expect that business groups that provide relatively distinctive benefits and services to their members, as well as those groups that are more deeply involved in the policymaking process, will be more likely to reshape firms' perceptions of their interests.

Examining a new dataset of firm policy stands and corporate social behavior throughout the 1990s and 2000s, I find strong support for these arguments. Firm participation in ALEC, which enjoys a relative monopoly on the services it offers to firms and brings their members in close and repeated contact with policy experts and legislators, led companies to become much more likely to express public policy preferences, and to change their corporate practices related to labor relations, the environment, and corporate governance. Further consistent with the ideological orientation of ALEC, I find that longer participation in the group led firms to hold more conservative policy positions against regulation, and to adopt more antagonistic labor relations, less environmentally friendly practices, and weaker corporate governance standards. I test similar effects for participation in the U.S. Chamber of Commerce and the Business Roundtable, two other important national business groups.

This chapter shows that national business associations old and new have had important implications for American politics, not only by lobbying for policy change in Washington and across the states, but also by reshaping the interests and outlooks of individual firms. Scholars of business-government relations in the United States thus need to consider business associations not just as vehicles for firms to achieve their political ends, but as important causal factors in their own right.

The final chapter concludes by summarizing the key insights of my analysis, as well as their implications for scholars, citizens, and advocates alike. I argue that political reformers concerned about the outsized voice of business in the policymaking process would do well to focus on strengthening the policy resources provided to lawmakers so that legislative bodies are less reliant on businesses for their ideas, research assistance, and political support. Reformers ought to also to invest serious resources – financial and intellectual – in constructing cross-state policy networks that could check the power of the right-wing troika. And learning from the successful strategies employed by ALEC, SPN, and AFP, progressive political leaders ought to prioritize the pursuit of policies that could alter the state political landscape in ways that would advantage allies while disadvantaging their opponents – precisely what ALEC and the other right-wing networks have done so effectively for so many years.

A Note on Methods

The methodological approach I pursue is fundamentally problem-driven; rather than tackling the questions in this manuscript from any one particular methodology, I selected the procedures and evidence best suited to the puzzles at hand. Accordingly, I employ diverse data and methods in each chapter, ranging from an analysis of archival materials, to new methods of text analysis imported from computer science, to more familiar methods of linear regression, and interviews of state legislators, political leaders, and corporate executives. To ensure that the manuscript is as readable as possible to all audiences, I refrain from presenting lengthy discussions of empirical methods or raw quantitative output in the main text, placing such material in appendices to each chapter.

CHAPTER 1: THE EVOLUTION OF A CORPORATE-CONSERVATIVE COALITION

"[S]tate governments are important in their own right, and if we are going to advance our political and policy goals, we must gain a greater appreciation of the inherent value of conservative leadership within precisely this sector of the federal system…There are strong policy reasons as well as strong political arguments for building at the state and local level…States will…be the battleground for some of the most intense battles."

– Don E. Eberly (1989), state conservative political leader

"The substantial policy initiatives taking place in the increasingly important state capitals have been and are generally liberal. It is ironic that one of our movement's great successes – the resurgence of federalism – presents us with one of our greatest, and yet unmet, challenges. Conservatism is weakest at the local level…Government at the state and local level is still overwhelming controlled by liberals, in large part because conservatives have concentrated too much of their attention and energy on Washington"

– Sam Brunelli (1990), ALEC executive director

The 1970s were a critical moment for the national political mobilization of business in the United States (Vogel 1989; Phillips-Fein 2009; Hacker and Pierson 2010a; Ferguson and Rogers 1987; Edsall 1989; Burris 1992; Himmelstein 1992; Akard 1992). Faced with the challenges presented by the growing regulatory state, labor activism, and a weak economy plagued by high unemployment and inflation, business executives expanded their presence in national politics and developed new forms of political organization to influence federal policy. Although political analysts have largely focused their attention on businesses' increasing strength in Washington, business mobilization was not confined to the national level. During the same period, a number of companies began working closely with conservative activists to develop an infrastructure for influencing state legislation – yet far less attention has focused on this transformation of American politics.[13] Over time, this durable "corporate-conservative" subnational coalition, represented most clearly by ALEC, proved to be quite successful, simultaneously promoting their preferred policies in statehouses across the country and systematically changing the state policy landscape in ways that disadvantaged their political opponents over the long run.[14]

In this chapter, I examine the rise of this coalition through the lens of ALEC. Aside from offering important historical insights into one of the corporate-conservative organizations that I study closely in the manuscript, this chapter addresses a central question in several academic

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[13] But see Fang 2013 See also Phillips-Fein and Zelizer 2012 for important case studies. As one Heritage Foundation report put it "[t]he entrepreneurial growth of conservative and libertarian policy groups on the state and local scene has been one of the sleeper trends of American government in the 1980s" (National Committee for Responsive Philanthropy 1991, 2).

[14] See also the concept of the "creation of an alliance between business and conservative intellectuals – a counterrevolution from above" at the national level described in O'Connor 2008

debates from very different disciplines: under what conditions are businesses capable of sustained collective political organization at a national level in the United States? This is because ALEC's success, in many ways, defies a series of important predictions about corporate capacity for collective action in American politics. Comparative political economists stress that the United States lacks national and encompassing business associations that could proactively lobby on behalf of the business community, as in more coordinated economies like Denmark or Sweden (Martin and Swank 2012; Schmitter 1974; Streeck and Kenworthy 2005; Hicks and Kenworthy 1998; Hall and Soskice 2001; Wilson 1986).

This literature expects that American business groups will either be dominated by sectoral interests or will be too hamstrung by internal divisions to adopt anything other than lowest common denominator policy stances; more often than not this entails simply opposing all government action without proposing alternatives of their own. While a far cry from the corporatist business associations of Western Europe, ALEC does represent a much more diverse and legislatively active group compared to other American business associations, like the U.S. Chamber of Commerce, the National Association of Manufacturers, or the Business Roundtable, which have historically been characterized as being riddled with too many sectoral cleavages to adequately represent their members (Smith 2000; Martin 2000). As Cathie Jo Martin sums up:

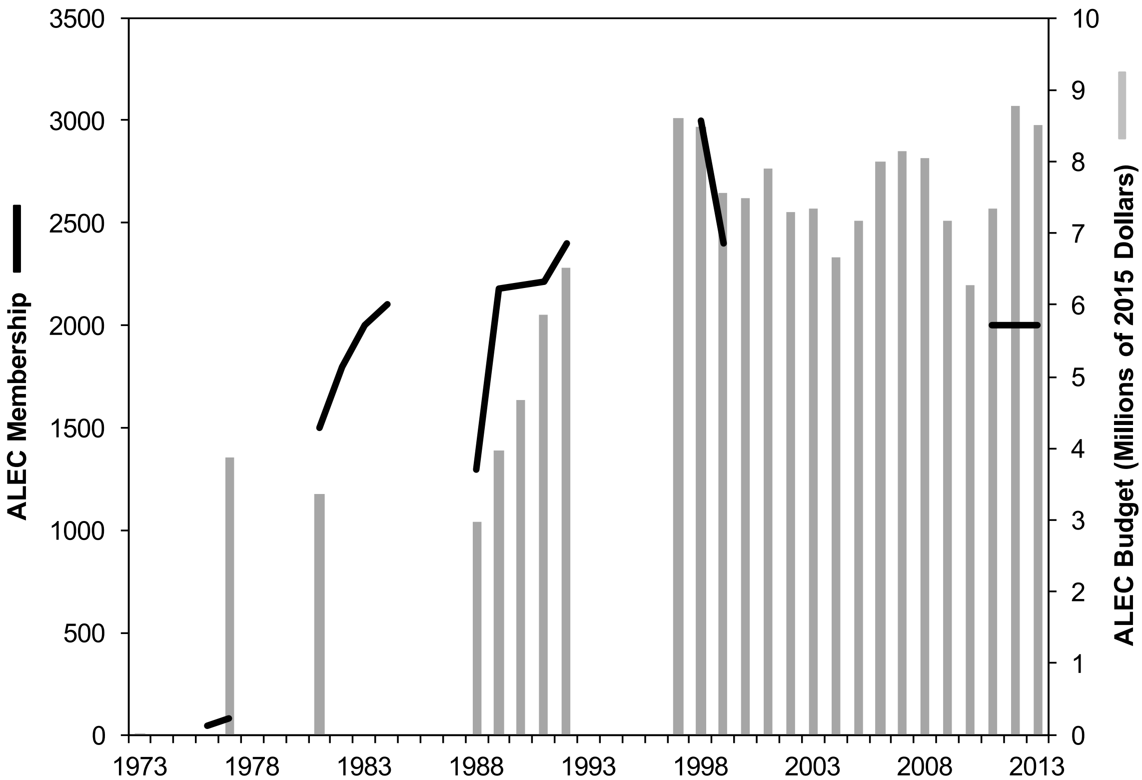
> "Competition for members makes groups risk-adverse and unwilling to alienate their constituents with controversial stands…Since change always offends somebody, groups find it easier to voice objections than to endorse positive action. The art of offending no one leaves big-business groups in a kind of political limbo (Martin 2000, 55-6)."

Yet ALEC does not simply oppose government action, and often proactively lobbies on a range of issues, alongside political activists. Beyond comparative political economy, research in business history and economic sociology also suggests that coordinated business action should have become more challenging in recent decades given a fragmentation of corporate interests (Waterhouse 2013; Mizruchi 2013; Judis 2001; Akard 1992). This line of work argues that American firms faced a set of shared threats in the 1970s, which prompted collective action and mobilization. But since that time, business succeeded in eliminating those threats – perhaps most notably the specter of aggressive national regulation and labor activism – so that the original impetus for organization no longer existed. As Mark Mizruchi describes it: "Having won the war, there was nothing left over which to fight. As a result, the corporate community began to fragment" (Mizruchi 2013, 199). Benjamin Waterhouse similarly argues that:

> "The institutional and ideological glue that held the business coalition together [in the 1970s and 1980s] proved weak and fleeting. In the face of economic globalization, ideological fracture, and the financialization of the American economy, the broad-based campaign for a 'pro-business' agenda ultimately waned. Although business leaders continued to wield substantial political power as individuals, the coalition that emerged from the economic crisis of the 1970s did not survive the 1980s with nearly as much collective clout (Waterhouse 2013, 3)."

Yet here too the historical development of ALEC runs against received wisdom: the group was least successful in the 1970s and early 1980s (as measured by revenue, membership, and legislative victories) and most successful in the decades that followed, precisely during the waning of other national business groups. Figure 1.1 plots the trajectory of ALEC over this period, showing that after growing steadily in the 1970s, legislative and corporate membership dipped in the early 1980s as the organization went through a period of crisis, and then grew again in the late 1980s and early 1990s. Likewise, ALEC's budget remained relatively flat throughout the 1970s and 1980s, and did not steadily grow until the late 1980s and early 1990s – precisely when other business groups were floundering. ALEC's changing ranks of full-time staff members also reflects similar dynamics. From a full-time staff of four in the early 1980s, ALEC grew to fifteen in 1985, and then to 30 by 1993, the level at which it would remain through the mid 2000s.

Figure 1.1: Trajectory of ALEC Membership and Budget, 1973-2013



Notes: Various ALEC annual reports.

Why has ALEC succeeded where other business organizations have failed? And what can ALEC's success tell us about the politics of business mobilization in the United States? These are the question I address in this chapter, examining variation in this particular business coalition over time, and drawing on an especially rich set of internal and previously unreleased documents from the group. These documents trace leaders' decisions across both ALEC's victories and missteps, providing insights into the strategies that the group did and did not consider, as well as the outcomes of those efforts.

ALEC's success in the face of the high barriers to business organization makes it a useful unusual case to better understand the mechanisms for corporate mobilization in U.S. politics. As comparative historical methodologists have emphasized, unusual cases such as this one can provide crucial leverage for scholars to explore the limits of existing theoretical models, and to generate new propositions that might apply to a broader universe of cases (Gerring 2004; Seawright and Gerring 2008). To this end, I identify three associational strategies deployed by ALEC's leaders to unite otherwise disparate business interests. I argue that the deployment of these three strategies can better explain variation in the organization's development – and especially its successes – than either the comparative political economy or business history theories of corporate mobilization.

First, I find that ALEC was most successful at attracting firms when it was able to make a compelling case for why the group could offer selective benefits to its members that companies would not be able to procure in other business associations. By positioning its services as selective goods to individual firms, ALEC was able to overcome the collective action problems inherent in corporate political mobilization that other scholars have extensively documented. Firms would not be able to leverage ALEC's extensive network of state lawmakers – an area in which ALEC enjoyed a relative monopoly – if they were not dues-paying members of the group.

ALEC's services were especially valuable to firms because they permitted nationally-oriented firms to overcome a crucial dilemma they faced in a federalist system of government. On the one hand, firms prefer the delegation of policymaking authority to the lowest possible level because it maximizes certain structural advantages firms enjoy in politics, like the threat of capital flight and the ability to exploit low policy capacity and minimal public salience (Robertson 1989; Gibson 2013; Peterson 1995). But on the other hand, national firms can also have strong incentives for standardizing regulations across subnational governments, which typically entails keeping policy at the highest level of political authority possible. This is because national standards are preferable to patchwork regulations for firms that do business across many state lines, and can also offer a competitive advantage to firms that seek to impose costs on their competitors. ALEC gives firms the ability to get the "best of both worlds" when faced with this dilemma, keeping policymaking at the state level while achieving the goal of standardizing the content of policy. This was a market for business services that other business associations had not yet exploited – and which ALEC was thus able to monopolize.

Closely related, I identify a role for internal differentiation within ALEC as a mechanism for resolving disputes between its member firms with conflicting policy preferences. Aside from the collective action problems faced by political groups when they seek to attract the support of individual firms, such groups must grapple with the fact that firms may have different, and often divergent, preferences for policies. By creating an organizational structure that divided responsibility for developing legislation into discrete issue task forces, each operating relatively autonomously from one another, ALEC was able to reduce conflicts between businesses with potentially opposing interests. And within each task force, there was further differentiation between firms; businesses that contributed more to the group were given greater voice in crafting legislative proposals. This in turn provided a clear procedure for adjudicating – and ultimately preventing – conflicts within task forces, again addressing the problems of mobilizing firms with varying policy preferences in the context of a fragmented corporate sector.

Finally, I argue that the group was most successful when it could design policy proposals that achieved not only short-term, substantive objectives for businesses, but that also served to shift the terrain on which future policy battles were waged by disadvantaging the group's political opponents, or by advantaging its allies. In this way, the ALEC coalition was able to, over time, change the structure of state politics in ways that would benefit the group in later policy struggles.

Together, these strategies help to make sense of an anomalous case of business mobilization in American politics. And aside from its substantive relevance for understanding the history of U.S. business and politics, a closer understanding of this case can provide important insights for students of business power and comparative political economy. In particular, it illuminates the sources of variation in the structure of business political coalitions, highlighting concepts that could be fruitfully deployed to understand business mobilization and partnerships with political activists in other countries and historical periods. These organizational strategies may be especially useful in understanding business coalitions in liberal market economy countries, like the United States, previously thought to have only weak capacities for collective business action.[15]

At the same time, ALEC's organizational missteps in its early years, and then in the mid-2000s, illustrate the potential challenges of building corporate coalitions with ideological activists. Such alliances can be troublesome if they expose those firms to backlash from consumers and investors. Firms can deal with this risk by minimizing the traceability of their involvement in these political alliances (e.g. Arnold 1990), fostering what Pepper Culpepper has described as spheres of "quiet politics" (Culpepper 2010; on the benefits of low salience business politics, see also Smith 2000). I find evidence that the firms associated with ALEC have deliberately pursued such efforts, seeking to occlude not only ALEC's role in crafting

[15] But see especially Berk and Schneiberg 2005's recognition of "variety in American capitalism" strongly resonates with my argument for a very different historical period.

legislation, but also their own participation in the group. But such low salience strategies are not foolproof, and companies and conservative coalitions are vulnerable to exogenous focusing events that can draw attention to the connections between firms, ideological political advocates, and controversial legislation in ways that could be damaging to firms' bottom lines. As we will see, this sort of seemingly random event is precisely what occurred in 2011, and what drew ALEC into the public eye.

Theories Of Business Coalition Management: How to Explain ALEC's Surprising Trajectory

What explains the conditions under which national business groups, representing a diverse array of sectors, promoting a proactive policy agenda, and fostering close ties between corporate and political leaders, can emerge? The comparative political economy literature gives a clear set of answers to these questions that are rooted in the institutional configuration of national polities, specifically the structure of party systems and the centralization of the state (Martin and Swank 2012; Martin 2006). In countries with proportional representation and multiparty political systems, dedicated business parties on the right help to organize business into national and encompassing groups to support their political ambitions. The development of national business groups is further aided by the centralization of state power, as firms will have a stronger incentive to organize at the national, rather than the regional, level. Both of these theories bode poorly for the fate of nationally organized business groups in the United States. The American two-party system divides employers between the Democrats and Republicans, making it harder to achieve the coordination of interests necessary for the creation and maintenance of enduring national corporate political coalitions. Moreover, the federal system of governance in the United States ought to encourage firm action at the state, rather than the national, level, further impeding the possibilities for coordination across subnational units.

While these explanations provide a great deal of analytical leverage to understand variation in the mobilization of business across countries, these theories have less to say about variation over time within the United States given stability in political institutions. Thus any instance of sustained national and encompassing corporate political mobilization, such as ALEC, would be an unexpected outcome according to these theories. Indeed, in some ways ALEC is especially puzzling from this perspective precisely because it is a national group intended to coordinate policy activity at the state and regional level; far from hampering the development of ALEC, the presence of federalism in the United States was actually the basis for the development of this national group.

A second set of explanations for business mobilization emerges from the business history literature, perhaps most prominently the work of Mark Mizruchi, Benjamin Waterhouse, and David Vogel (Mizruchi 2013; Waterhouse 2013; Vogel 1989). Both Waterhouse and Vogel emphasize the importance of shared threats to employers as a motivation for otherwise fragmented business interests to form cross-industry, national groups to advance their interests in the policymaking process. In both of their accounts, American firms in varied industries faced an increasingly hostile political landscape in the mid 1960s to the early 1970s. Under pressure from well-mobilized consumer and environmental groups, national politicians began enacting sweeping new regulatory regimes addressing motor vehicle safety, lending practices, pharmaceutical production, pollution, and occupational health and safety. These threats, and especially the fact that they crossed traditional sectoral lines, motivated managers to engage in the policymaking process by developing new national business groups and strategies for influencing lawmakers. Although this timeline is consistent with creation of ALEC – conservative leaders formed the group in 1973 in response to the rising threat of liberal state policy networks, especially state public sector labor unions – it is inconsistent with the group's evolution over time. As we saw in Figure 1.1, the group was most successful in the late 1980s through the mid 2000s, precisely the juncture when the threat to business had diminished thanks to the sustained thrust of mobilization in earlier years, and when Waterhouse and Mizruchi argue that business lost its ability for coordinated, cross-sectoral policy activism.

If electoral institutions, federalism, and shared political threats cannot explain the rise and development of ALEC, what can? I argue that the answer lies with the structure of the organization itself, and in particular, strategies that its leaders deployed to overcome the obstacles to coordinated business action in the United States that I have just described. Perhaps the most pressing problem for ALEC's leaders to address was that firms face few incentives to join any one business group in the United States, presenting a classic dilemma of collective action and organizational maintenance. Unlike in corporatist countries, there are no U.S. business associations with recognized authority to bargain with national or state governments. Thus unlike in those more organized economies, groups cannot implicitly or explicitly compel individual firms to join associations. How then can political entrepreneurs obtain the support of corporate leaders? The strategy I emphasize draws on Mancur Olson's canonical solution to this puzzle: business political coalitions must offer selective benefits to their corporate members that those members cannot receive elsewhere (Olson 1965; on the importance of selective benefits for business associations, see also Schmitter and Streeck 1999 [1981]). In essence, business associations that seek to build long-term relationships between firms and political leaders in the United States have to make the case to managers that membership entails benefits that firms could not receive in other associations, or on their own.

In the case of ALEC, the group's leaders came to recognize that they could market their organization as granting firms the ability to simultaneously pursue the same policies across many different states without managers having to establish a lobbying presence in each state. These policies also permit firms to get the best of both worlds when it comes to federalism, as I have already described, achieving standardization of policy across diverse subnational governments without having to sacrifice the structural power enjoyed by business in those lower-level political arenas.

But even if a business group manages to secure a broad membership of companies from across many different sectors, political entrepreneurs still face a second obstacle to maintaining that coalition over time. Firms, and even firms within the same industry, may have very different policy preferences that they seek to pursue through the business association. There are two general kinds of conflicts that businesses might face within an encompassing national group. First, companies might prefer a policy that runs directly against the interests of other corporate members of the group. For instance, a group representing both health care providers and insurers might face the challenge that the economic interests of those two sectors come in conflict with one another; while providers have an incentive to maximize their payments, and thus their profits, insurers have an opposing interest to minimize payments to doctors. James Q. Wilson identified this problem clearly in *Political Organizations*, arguing that "if creating and maintaining a business association in a single industry is difficult, launching a general, or "umbrella" business association is doubly so. Any organization that seeks to speak politically for all, or any substantial part, of businessmen will confront the fact that the particular interests of various firms are often in conflict" (Wilson 1995, 153).

A second problem is that even if firms do not have directly opposing policy preferences, companies may still differ in their prioritization of various proposals. Thus an energy company might seek preferential contracts from state governments, and while retailers might not directly oppose that proposal, those retail firms might see little to gain from investing their resources to advance a policy that is irrelevant to their own firms' bottom lines.

These two kinds of cleavages have prevented many American business groups from advancing proactive policy proposals. As Mark Smith has highlighted in his analysis of the U.S. Chamber of Commerce, only a minority of policy issues – 3% of all enacted laws from 1953 to 1992 – could unify that organization's corporate members (Smith 2000, 72). Given the challenge of representing firms with varied interests, most associations instead choose to cater to "lowest common denominator" legislative priorities, such as simply resisting taxes or regulations, rather than developing and promoting new policy initiatives. National business associations, in Cathie Jo Martin's felicitous formulation, are "like feisty two-year-olds… good at saying no…but bad at saying yes" (Martin 2000, 55-6). To overcome the diversity of interests within national business groups, I argue that political entrepreneurs must establish clear decision rules within an organization that specify how conflicts of firm preferences will be adjudicated. Without those rules, groups will be saddled by the need to continually decide which firms' priorities will be honored. ALEC's leaders, as I will describe, would create a highly delegated structure of task forces that permitted its policy agenda to be set by the firms most invested in each policy domain. Moreover, within each task force, the group established a clear decision rule for which firms would have the last say over conflicts: firms that offered greater contributions to the group through annual dues and fees would be more likely to have their proposals promoted by the organization.

The final impediment to the persistence and legislative success of national business coalitions is the need to appeal not only to the short-run interests of firms, but also to ensure that the organization remains politically successful in later years and decades. This priority is problematic because individual firms may have strong incentives to underinvest in the sort of legislative priorities that would result in organizational success in the future, rather than the present or near-term – that is, the long run interests of any individual firm might not be aligned with the long run interests of an association.[16] Thus durable business political coalitions must not only satisfy the short run preferences of their corporate members, but also ensure that they are changing the political landscape in ways that can facilitate future victories.

This strategy could be thought of as a form of political or institutional investment, as described by Steven Teles (2009) and Daniel Galvin (2012), where actors incur short run costs (or delay benefits) in order to reap larger returns in the future. We can also think about this strategy as resonating with Terry Moe's concept of "structural choice" in bureaucratic design (Moe 1995), or how bureaucratic entrepreneurs create structures that lock out opponents in future time periods. This sort of tactical foresight fits nicely with Paul Pierson's description of the path dependent nature of power, whereby powerful agents can change political institutions in ways that benefit themselves or disadvantage opponents (Pierson 2015).[17] In the organization I examine, political leaders settled on a set of legislative priorities that both appealed to corporate

[16] On the importance of patrons as funding sources for political organizations, see Walker 1991. On the patron-group nexus, including conflicts between funders' and organizations' objectives, see Teles 2010. On organizational maintenance imperatives, see Wilson 1995.

[17] See also Paul Pierson's description of "systemic welfare state retrenchment" that alters the context for future battles over social programs, Pierson 1993, 131.

members and also disadvantaged ALEC's political opponents, especially public sector labor unions, thus ensuring ALEC's continuing political success.

Although I describe these three strategies as collectively necessary for the persistence and success of durable business coalitions, it is important to note that I do not argue that the implementation of these strategies occurred in a functionalist or preordained manner. Organizational leaders within ALEC did not immediately arrive at these strategies as ways of overcoming the various obstacles that I have described. Rather, key leaders experimented with various strategies, not all of which were ultimately successful, much like what Steven Teles has described in the rise of the conservative legal movement: "developing an alternative governing coalition…is an extraordinarily difficult process, and one that is likely to be characterized by significant mistakes, long periods of learning and lesson-drawing, and significant lags between the emergence of opportunities and their effective exploitation" (Teles 2010, 20-1). Social learning was thus an important driver of organizational change, as leaders drew on their past failures and successes. An important catalyst for this learning process was organizational failure, manifested in the case of ALEC as a financial crisis.[18] Moreover, early experiences with successes, such as one I will describe with state liability insurance reform, prompted ALEC leaders to repeat certain strategies in subsequent years.[19] Lastly, ALEC also borrowed some of its institutional structures from the private and public sectors.[20] Participation in a Reagan-era initiative on federalism, for instance, institutionalized the use of delegated task forces within the

[18] See Wilson, *Political Organizations*, Chapter 10, for a discussion of resource crises as an important motivation for organizational change.

[19] On the development and dissemination of organizational strategies, see Clemens 1993.

[20] On political organizations duplicating the structure of the state, see also Skocpol 2004.

group that were focused on specific policy domains, helping to address the issue of division of labor between diverse firms interested in very different policy agendas. And when ALEC sought to build stronger support in the corporate community, its leaders drew up a proposal to run the organization more like a firm, conceptualizing its services as products to sell to members.

In the following sections, I describe the creation of ALEC and its initial missteps from 1973 to the late 1980s, and then move to describing the subsequent period from the 1990s to the mid 2000s when its leaders were able to successfully deploy the three organizational strategies I have outlined above. Across both historical periods, I consider how the organization fared along three dimensions – the size of its budget, the breadth of its membership base, and its legislative successes – to gauge the durability and persistence of the group, which I expect to be weaker in the initial periods when ALEC did not deploy these three strategies, and much stronger in the latter periods, when its leaders arrived at these organizational reforms. I end the analysis with a discussion of ALEC's initially successful, and then more recently unsuccessful, efforts to lower its public salience to avoid backlash.

A Business Coalition Forms And Initially Flounders: 1973-1983

As David Vogel has chronicled in his canonical account of business mobilization in the United States, "during the first half of the 1970s, the business community found itself increasingly frustrated by the decline in its ability to affect the direction of public policy" (Vogel 1989, 192). Vogel quoted General Foods' chairman as lamenting that "business was getting kicked around compared to labor, consumer and other groups and the constant cry within the business community was, 'How come we can't get together and make our voices heard?" (Vogel 1989, 192-3). Over the next decade business did exactly that, investing heavily to strengthen their previously anemic presence in Washington, DC, and developing new strategies for influencing national legislators, such as mobilizing small businesses (Hacker and Pierson 2010a; Vogel 1989). These investments paid off handsomely, as organized business succeeded in defeating the priorities of organized labor in the 1970s, such as union organizing measures and progressive tax reform, as well as the goals of the consumer rights movement, such as the creation of a new consumer protection agency (Vogel 1989; Hacker and Pierson 2010a). The 1970s were also a crucial period in the development of the conservative movement, with right-leaning political leaders developing new institutions to influence public policy and developing linkages with corporate groups (see e.g. Schulman and Zelizer 2008; Kruse 2007; McGirr 2001; Mizruchi 2013; Rich 2005).

One group that formed in the 1970s that would later become a key member of the state-level coalition between conservative political activists and the business community was the American Legislative Exchange Council. Paul Weyrich, a conservative activist and an organizational architect for the political right, was an early proponent of the idea of a group of conservative state legislators.[21] Weyrich would later be credited with the creation of a number of other important conservative policy institutions, perhaps most notably the Heritage Foundation, with which ALEC would share resources and an office for many years (National Committee for Responsive Philanthropy 1991). The other initial organizers of ALEC in 1973 included

[21] Weber 2008. Note, however, that Alan Crawford describes the founding of ALEC slightly differently. According to Crawford, Illinois Representative Donald Totten initially created the organization "which would function as a clearinghouse of legislative research for state legislators" along with Juanita Bartnett, an Illinois Republican activist who Crawford describes as the group's first executive director. Totten and Bartnett were approached by the Sarah Scaife Family Chairtable Trusts, which offered a sizeable grant to ALEC – with the condition that ALEC add Paul Weyrich and Edwin Feulner (Heritage Foundation cofounders) to the board. That addition, according to Bartnett account, drove the group in a much more political direction (Crawford 1981).

prominent national and state leaders in the conservative movement (Hunter 1980; ALEC 1998b; Natural Resource Defense Council 2002).[22]

The motivation of many of these political leaders was the perception of an increasingly liberal bent to other national associations of state lawmakers, like the National Society of State Legislators, as well as the rise of new liberal groups, especially public sector labor unions (and particularly teachers' unions), which had a formidable presence in state government but were also part of a national federation, and thus could quickly disseminate policy proposals across the states (ALEC 1998b, 14; on the history of the NCSL, see Kurtz 1999). Sam Brunelli, a conservative activist (and later executive director of ALEC), lamented that at the time of ALEC's founding:

> "The substantial policy initiatives taking place in the increasingly important state capitals have been and are generally liberal. It is ironic that one of our movement's great successes – the resurgence of federalism – presents us with one of our greatest, and yet unmet, challenges. Conservatism is weakest at the local level…[g]overnment at the state and local level is still overwhelming controlled by liberals, in large part because conservatives have concentrated too much of their attention and energy on Washington" (Brunelli 1990, 2)

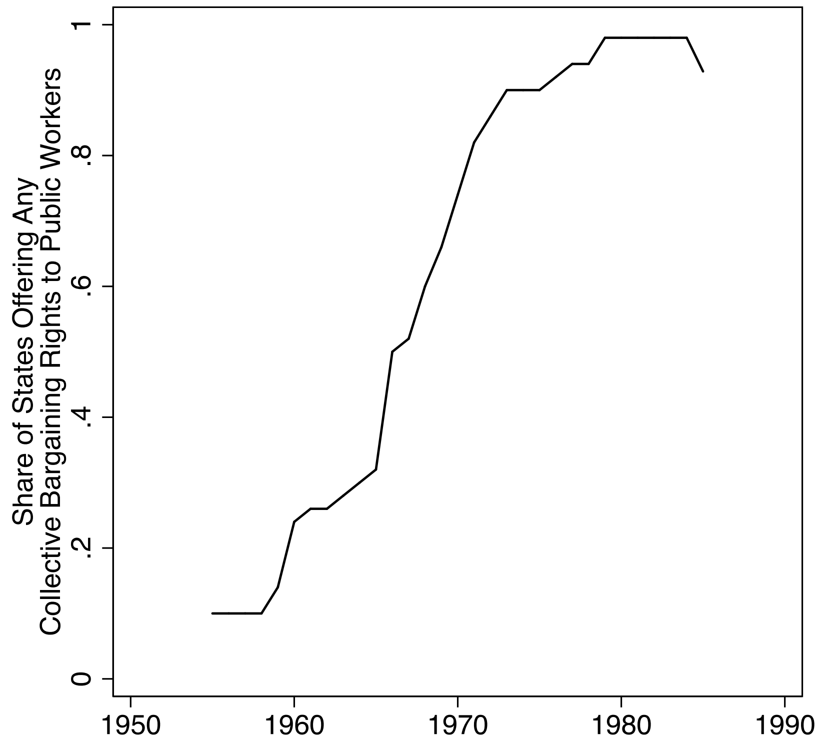
Brunelli argued that in contrast to the conservative movement, "liberals understood the importance of the states some time ago," and that liberal state legislators "are supported by a vast array of special interest groups that have been active in the states for a long time," perhaps most notably public sector unions (and especially the National Education Association; on the

[22] The heavy involvement of politicians (and former politicians) in forming ALEC is consistent with most other business associations in the United States and elsewhere. As Cathie Jo Martin and Duane Swank have argued, individual firms are often too disorganized to form their own associations without the direction of elected officials, who themselves often have strong electoral motivations for the establishment of business groups (Martin and Swank 2012).

development of public sector unions, see Walker 2014). As another conservative leader explained, groups like the teachers unions "came up with model legislation, which [they] would push in several states at the same time" and then they "would use the argument, 'Well, if so-and-so passed it, it must be okay.' And so the bill would go forward, sometimes in 30 states and more. Usually the liberal bill moved from committee to floor vote before you [the conservative activists] got prepared and marshaled your arguments, if then. The local [conservative activists] were on their own in each state – and they were overwhelmed" (ALEC 1998b). In a later interview, an ALEC leader argued that the "most effective lobby in the state legislatures" at the time was "the National Education Association" (quoted in Conservative Digest 1985). She continued: "Many people are deceived by believing that the National Education Association lobbies only for education-related legislation, but they don't. They oppose right to work laws, they oppose balanced budget resolutions, they support comparable work bills, they get involved in just about every piece of major legislation in the state legislature. They are very well organized, extremely well funded" (Conservative Digest 1985). The right was thus outgunned by the new public sector labor unions.

The empirical record backs up this perception of a lack of conservative or business groups focused on the states: according to a survey commissioned by the U.S. Chamber of Commerce in 1965, only 7% of business groups reported having an exclusive focus on state government, compared to 35% focused on the federal government (US Chamber of Commerce 1965). In contrast, liberals were benefitting from the growth of progressive consumer and environmental rights organizations, especially those with federated structures, like the Nader-backed Public Interest Research Groups (Vogel 1989), as well as public sector unions (Walker 2014). From 1960 to 1972, the share of states permitting collective bargaining for public school teachers, for instance, rose from 10% to nearly 80%, and from 10% to 50% for state government workers, as shown in Figure 1.2. The rising threat of public sector labor unions was only compounded by Democrats' seemingly unshakeable grasp on state governments; Democrats controlled a majority of state legislatures in each of the years from 1960 to 1973 save for two.

Figure 1.2: The Rise of Public Sector Unions in the States



Notes: Author's analysis of Valletta and Freeman 1988 data.

ALEC, in Brunelli's view, could remedy this organizational imbalance by providing an infrastructure of support to respond to liberal (and especially labor-backed) legislation, and also by proactively generating new conservative and pro-business legislation to disseminate across the states. These two goals are reflected in ALEC's original bylaws, which described the organization's mission as to "assist legislators in the states by sharing research information and staff support facilities; establish a clearinghouse for bills at the state level, and provide for a bill exchange program; disseminate model legislation and promote the introduction of companion bills in Congress and state legislatures; formulate legislative action programs" (ALEC 2007).

But while the general goals of ALEC had been established at this point, it had not yet used these objectives to differentiate itself from other conservative groups or business associations. Rather than focusing on ALEC's ability to promote business-backed and conservative policy ideas across statehouses – something that other groups were poorly equipped to do – in its initial years ALEC generally focused on responding to the liberal policy ideas of the day at the national level. And, reflecting the importance of social issues for co-founder Paul Weyrich, as well as the strong ties of ALEC's initial leaders to the social conservative movement, ALEC prioritized the defeat of high profile liberal social policies, such as the passage of the Equal Rights Amendment, abortion rights, gun control, DC voting rights in Congress, and gay rights (Baker 1978; Hunter 1980).[23]

The heavily socially conservative tone of ALEC's initial work is also conveyed in the account of a group of Minnesota state legislators who attended one of ALEC's first meetings on welfare. Those lawmakers had hoped to learn about new solutions for controlling state welfare costs, but instead were dismayed to discover that the group served as "nothing more than a campaign school for far right political candidates" (quoted in Hunter 1980, 68). I heard a similar account from a conservative Southern state lawmaker I interviewed, who attended one ALEC

[23] ALEC had strong ties at its inception to the American Conservative Union (ACU), and its early directors included Stanton Evans, of the Union, and Edward Fuelner of the Heritage Foundation. Similarly, ALEC's initial executive director, Kathy Teague, was a leader of Paul Weyrich's Free Congress Research and Education Foundation (Hunter 1980, 63-4). The defeat of the DC voting rights amendment was an important victory for ALEC, which was credited as having an important role to play in the opposition movement (see e.g. Hunter 1980). It would use many of the same tactics it developed to defeat the amendment in later legislative campaigns (see e.g. Baker 1978; Natural Resource Defense Council 2002).

meeting in the group's early years only to find that the group was too conservative even for him. In a sign of just how desperate the group was to build its membership in these years, however, that lawmaker was later listed as not only being a member of ALEC, but also as having served in a leadership position – even though his participation was limited to attending a single conference as an observer.[24]

What little economic policy ALEC did cover in these early years focused either on very general changes in state economic policy – such as requiring legislative review of state applications for federal grants or producing estimates of the fiscal and regulatory impact of potential legislation – or symbolic gestures, like calling for a Constitutional balanced budget amendment, creating a right to private property in state constitutions, or calling for "free enterprise" education in schools (ALEC 1976, 1977, 1979b, 1980). Such initiatives were not only of little substantive effect, but they also did little to change the state political landscape in ways that would benefit the group in later years.

Similarly, ALEC had little to offer most individual firms in these years, which were uninterested in wading into controversial debates over social issues, especially at the national level. Indeed, writing about ALEC, one commentator observed that the "the potential allies with which [ALEC and other new conservative groups] have been most frustrated with is the moderate business community" (Hunter 1980, 20). As a result, most of ALEC's funding in its early years came from conservative foundation grants, as opposed to corporate membership fees. 95% percent of ALEC's funding in 1982 came from either grants or contributions, as opposed to membership or conference fees (ALEC 1982). These foundation grants were small, and tended to

[24] Author interview with former Tennessee state legislator, September 15, 2015.

be earmarked for specific projects, especially related to social policies like civic literacy and education (John M. Olin Foundation Inc. 1985, 1989). Reflecting that lack of appeal to firms and reliance on foundation grants, ALEC was quite small in these early years – starting with only two volunteer employees, thirteen legislative members, and an annual budget of $2,700 (nearly $14,000 in 2012 dollars; all subsequent dollar figures in 2012 dollars; ALEC 1998b, 8).

The legislative success of the group was very limited as well. As one investigative report conducted by a teachers' union summed up in 1982, "except for laws requiring student proficiency testing," a major priority of ALEC's foundation backers, "the group's track record in getting its legislation enacted is not all that impressive" (Bryant 1982). One advantage, however, to the group's shallow corporate support was that it did not need to find ways of navigating conflicts between firms; records do not indicate substantial conflicts between the companies that were members of the group in these years.

ALEC's mediocre organizational performance would begin to change in the mid-1980s as leaders launched efforts to forge deeper ties with the business community (Hunter 1980; Natural Resource Defense Council 2002). It was aided in this endeavor by its tax-exempt status, meaning that donations to the group could be written off of a donor's tax bill.[25] One early episode that demonstrated to ALEC's leaders the value of attracting corporate backers came from the group's involvement in a coalition promoting state liability insurance reform (on the history of tort reform in the states in the 1980s, see Congressional Budget Office 2004). The experience the group had in this coalition would provide an important template for ALEC's

[25] Of course, this tax-exempt status also prohibited ALEC from engaging in lobbying or other overt political activities, a distinction that ALEC certainly would stretch to limits.

strategies in later decades, in particular the advantages of marketing itself as offering a distinct set of benefits to firms that those companies could not obtain from other business associations.

The impetus for state insurance reform came from the fact that premiums for general liability insurance skyrocketed during the early 1980s, increasing the amount that entities as diverse as state and municipal governments, manufacturers, medical providers, and day care centers needed to pay for their insurance coverage (Hunter 1986). While insurers and corporate purchasers of insurance blamed the tort system, pointing to frivolous lawsuits and calling for tighter caps on tort claims, trial lawyers and consumer advocacy groups responded by blaming the insurers, and proposed tighter regulation of the insurance market (Rosenbaum 1986).

ALEC entered the debate by working closely with private insurers and other businesses calling for restrictions on tort claims, operating against consumer advocates and labor unions. It found its niche in the newly formed American Tort Reform Association, acting as the main conduit between groups like the American Society of Association Executives, the National Federation of Independent Business, and the Mechanical Contractors Association to state legislatures (Landis 1986). As ALEC's executive director explained at the time, "the states are the prime focus…There are more than 1,000 bills out there addressing the issue" (quoted in Kristof 1986). ALEC's lobbying blitz ultimately paid off: after the campaign, 23 states would introduce caps for tort suit damages, 34 states would limit, or even ban, tort suit punitive damages, and 38 states would introduce a maximum amount for which a defendant could be held liable (Congressional Budget Office 2004, ix). The tort reform coalition ultimately brought a number of new corporate members within the ALEC fold as well; the group's civil justice initiative included Amoco, the Alliance of American Insurers, the National Federation of

Independent Business, the Chemical Manufacturers Association, and the National Association of Independent Insurers (ALEC 1986b).

Building in part on the lessons of its tort reform effort, ALEC also established close ties to the tobacco industry, which at the time was seeking to curb state regulation of their products (ALEC 1979a, 1984).[26] ALEC, for example, hosted a 1986 seminar for state legislators on the issue, which argued that there was "no persuasive scientific evidence that substantiates a causal or exacerbating relationship between environmental tobacco smoke exposure and chronic health disturbances…we seriously delude ourselves if we believe that the health implications of poor indoor air will be magically eliminated, even significantly ameliorated, by banning smoking" (ALEC 1986a). Instead, ALEC recommended that states needed to adopt stiffer indoor ventilation standards that required technology produced by another firm affiliated with ALEC (ALEC 1986a). The tobacco industry would provide an important source of funding for the group for many decades to come.

While the anti-smoking ban campaigns ultimately failed, the overall effort of reaching out to individual firms paid off handsomely for ALEC itself. Thanks to new corporate members such as Edison Electric, Procter & Gamble, Mary Kay Cosmetics, Eli Lilly, Adolph Coors, and Atlantic Richmond, ALEC had amassed a budget of nearly three million dollars and a staff of 20 by the mid to late 1980s (Farney 1985). Boasted ALEC's executive director: "I have more big corporations who want to see me, get involved and become members than we can practically cope with" (quoted in Peirce and Guskind 1984). These firms participated in ALEC as leaders on

[26] 1983-4 is the first year I could identify where the Tobacco Institute, the tobacco industry's main policy lobbying group, donated to ALEC.

a newly created private sector advisory board, as individual members, as donors for the group's annual meetings, and as sponsors of other events for state lawmakers.

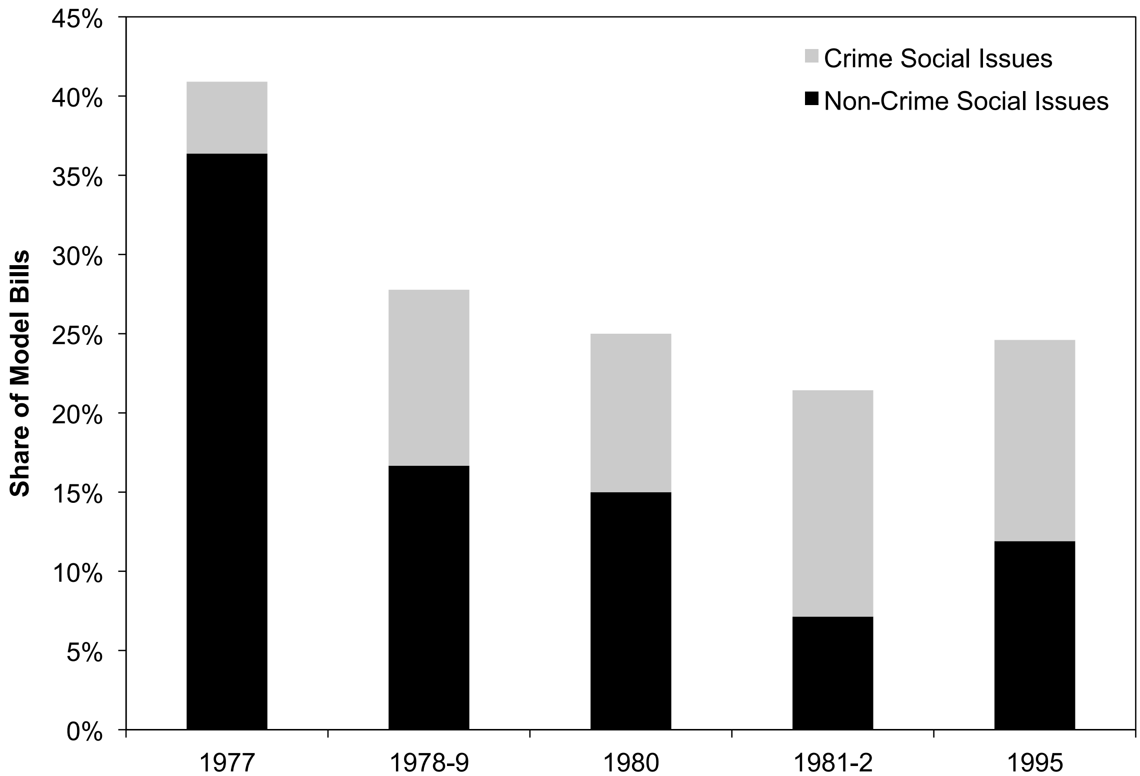
ALEC had arrived at a valuable service for attracting corporate support: granting companies the ability to standardize policy across disparate state governments while keeping policymaking at a level that offered greater advantages to business interests. For both tobacco manufacturers and the firms affected by tort suits in the 1980s, corporate executives had a strong interest in creating more uniform standards across the states – in both cases, curbing the spread of consumer-friendly regulations. As one top corporate executive would later explain in describing his firm's decision to support ALEC, a growing concern during this era was "the proliferation of non-uniform state-by-state legislation that could be starting to undermine one of the key competitive advantages of U.S. industry; namely, our large, unfragmented domestic market" (Malott 1990).

Crucially, both industries understood that their political interests were better served at the state, rather than the federal level, where they could leverage structural advantages of state policymaking. In the case of tobacco, for instance, the federal government was already beginning to turn against the industry, with the Surgeon General declaring that no level of cigarette smoking was safe in 1981 and Congress subsequently enacting warning label requirements on tobacco products three years later (Grob 2011). As Frank Baumgartner and Bryan Jones argue, the tobacco industry lost its monopoly on policy at the federal level beginning in the 1970s (Baumgartner and Jones 1993, 209-10). At the state level, however, the tobacco lobby was able to be much more successful because of the structural dependence of state legislators on the tobacco industry, as well as the low salience nature of their lobbying (e.g. Givel and Glantz 2001).

ALEC's pride in its increasingly successful corporate relations, however, masked continued tensions between its policy advocacy around controversial social issues and the preferences of its new corporate members. While acknowledging his company's strong support of ALEC's state activities, Rick Rothschild, director of government affairs for Sears, Roebuck & Company, explained "I'm aware of no corporation that has a position on social issues." Another corporate governmental affairs officer was even blunter: "We like ALEC's conservatism and probusiness attitude. But abortion, school prayer and the like are just not issues for us. We nod and accept the rest of it but we aren't supportive of it. You have to grin and bear it" (both quoted in Peirce and Guskind 1984). Ultimately, these more moderate business preferences on social policy prevailed, and ALEC began to shift away from its focus on such controversial issues. Explained a lobbyist for a cross-state association at the time: "[they] were very right-wing, but they have tried to temper some of that to be more acceptable" (National Committee for Responsive Philanthropy 1991, 12).

As the concept of selective benefits helps to illustrate, ALEC was most successful at attracting business support when it could promote policies that financially benefited individual firms and sectors, rather than ideologically oriented social issue legislation of little interest to corporate managers. Figure 1.3 plots the focus of ALEC's model bills proposed each year on social issues, and shows that a declining share of all model bills could be categorized as focusing on controversial non-economic issues like abortion or drugs. What social issues ALEC did address starting in the early 1980s tended to focus much more on crime, which did imply a large economic stake for private correctional services. These companies could benefit from privatization of prisons and other state services (Biewen 2002). The steady decline in social issues documented in Figure 1.3 reflects both the initial choices made by ALEC to attract business, but also subsequently the arrival of more private-sector firms to ALEC task forces – which pushed model bills even more toward corporate-favored issues over social policy.

Figure 1.3: ALEC's Declining Focus on Social Issues Over Time



Note: The figure shows the share of ALEC model bills proposed each year that focus primarily on social issues (full bar), as well as the share of social issue bills that focus on crime and non-crime policy. This figure shows that ALEC's focus has shifted away from social issues, especially non-crime social issues (data from ALEC 1976, 1977, 1979b, 1980, 1995b).

ALEC also experimented with new organizational forms in the 1980s that would prove critical in later periods. Inspired in part by the structure of President Ronald Reagan's Task Force on Federalism (in which many ALEC leaders participated), ALEC institutionalized internal "task forces" to facilitate discussion around specific policy issues between legislators, private businesses, and ALEC staff (ALEC 1998b). This was an idea that had only been casually used before the late 1980s, according to one group leader – task forces were only "loosely organized" and tended to come in and out of existence depending on the priorities ALEC was pushing in any given year.[27] The initial task forces focused on civil justice (especially the tort reform agenda), health care (especially medical savings accounts), and telecommunications policy.

As we shall see in the next section, these task forces would become an important route for businesses to directly define ALEC's legislative priorities in the coming decades, helping to market ALEC's selective benefits to companies that might not otherwise join the group, as well as managing inter-firm conflicts that threatened to undermine the group's success. A direct reason for the formation of the task forces was to build greater appeal for corporate members to generate more revenue for the group, according to the ALEC leader who developed the model. Before he arrived in the late 1980s, ALEC leaders "would raise money around a certain project and nothing else would be funded," leaving the group "mortgaged to the hilt" when this leader arrived in the 1980s. The task forces, this leader envisioned, would help firms to become "much more involved" in the group by giving corporate executives the opportunity to "come where the [policy] action" was most relevant for their particular firm.[28] This was a clear moment of social learning, where the group's leaders explicitly cited past failures as the basis for future strategy, and provides a useful counterfactual for my analysis: had ALEC not institutionalized the task forces at this juncture, it seems likely that the group would not have been able to attract more firms and more revenue – and might have gone under given its liabilities.

Another organizational innovation during this period would prove to be less successful and enduring. Motivated by their legislative successes across the states, ALEC decided to enter electoral politics by creating a political action committee that would invest nearly $100,000 in

[27] Author interview with former ALEC leader, September 30, 2015.

[28] Author interview with former ALEC leader, September 30, 2015.

1984 and half a million dollars in 1986 into gubernatorial and state legislative races. Not only would the new ALEC-PAC victories help to secure further legislative wins for the group, but ALEC leaders thought that new conservative majorities in statehouses would help Republicans to redraw congressional districts in their favor after the 1990 census (Farney 1985). Apart from offering direct contributions itself, ALEC-PAC hoped to train conservative state legislators, as well as to spur more contributions by other, larger PACs to candidates for state office – an arena of politics that ALEC felt was long neglected by moneyed interests. Said ALEC's executive director in 1985:

> "[ALEC-PAC] will train, recruit, and fund candidates, but more importantly, it will communicate to the conservative movement and to the business community and business PAC's the key targeted candidates, key targeted states […] In the 1984 elections… corporate PACs spent about $90 million on congressional races and probably less than $4 million on state races. As for conservative issue PAC's, I don't have any statistics, but I dare say they spent probably 90 percent of their funds on Congressional races, and perhaps 10 percent – which would be generous – on state races" (Conservative Digest 1985).

Despite these ambitious aims, the electoral arm of ALEC fit poorly with its original focus on public policy, and ALEC eventually retreated from electoral politics after 1986 and returned to their mission of shaping state legislation among already elected state officials. As I have argued, ALEC remains a group that operates outside of electoral spectacle, instead focusing closely on the crafting of state policy between elections.

Growing Pains And The Development Of New Strategies: 1990-2011

If the 1970s marked the formation of ALEC, and the 1980s saw ALEC's transformation from a collective of mostly socially conservative activists into a coalition of conservatives and corporate interests, then the 1990s were a period of rapid expansion and consolidation of ALEC's operations. ALEC entered the decade with a membership base of around 2,400 legislators (out of 7,600 nationwide), over 250 firms, and annual revenues of about seven million dollars, roughly double the revenue the organization received in the late 1980s (ALEC 1992). The vast majority of this revenue was generated by donations from corporate members through dues and conference sponsorships, although ALEC continued to receive support from conservative foundations, especially those associated with the Coors, Olin, Scaife, Koch, Milliken and Bradley families (ALEC 1992, 28-9).[29] Still, as we shall see, the group carried considerable debt from its earlier era, when it was not as focused on attracting corporate support as it would later be (ALEC 1996b). This debt would generate an important source of pressure on the organization to further change its structure to attract and retain corporate backers.

Notwithstanding ALEC's considerable legacy costs, the group's growing legislative influence in the states during the early 1990s was readily apparent. In the 1990-1991 legislative session, a total of 240 ALEC model bills were introduced (with at least one in each state); of those, 92 bills were enacted in 46 states, for a passage rate of 38% (20% higher than the average for all state legislation; Noye 1991). The success of ALEC led one progressive leader to lament to a journalist that "big business is extraordinarily well-organized at the state level. The more progressive community has got to get organized, because frankly we're being taken to the cleaners" (National Committee for Responsive Philanthropy 1991).

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[29] On the importance of these foundations in funding the conservative movement more generally, see O'Connor 2008 ALEC relied on conservative foundations to fund policy initiatives that were not of interest to private sector firms, like welfare reforms. Interestingly, internal ALEC documents indicate that ALEC lost support of conservative foundations during the late 1980s and early 1990s and that it tried to re-establish those connections in the mid-1990s. One business plan from 1996 argued that ALEC needed to "rebuild [its] credibility with conservative foundations" ALEC 1996c, 9.

ALEC's task forces were quickly becoming a central component of its organization, too, changing from being mere clearinghouses for discussions between ALEC members to formal bodies that each had their own official memberships, rules, boards of state legislators and private firms, and annual meetings (ALEC 1996c, 1996b). These task forces, covering health care, tax and fiscal policy, civil justice, education, commerce and economic development, criminal justice and public safety, energy and the environment, telecommunications and IT, and trade and transportation, would now be individually responsible for producing and disseminating model bills directly to state legislatures. Table 1.1 traces the evolution of ALEC's task forces over the years, showing the number and titles of these working groups.

Table 1.1: ALEC Task Forces Over Time, 1989-2014

1989	1999	2009	2014
Telecommunications	Telecommunications and IT	Telecommunications and IT	Telecommunications and IT
Health Care	Health and Human Services	Health and Human Services	Health and Human Services
Agriculture	Energy, Environment, Natural Resources, and Agriculture	Natural Resources	Natural Resources
Education	Education	Education	Education
Banking and Financial Services	Commerce and Economic Development	Commerce, Insurance and Economic Development	Commerce, Insurance and Economic Development
Tax and Fiscal Policy	Tax and Fiscal Policy	Tax and Fiscal Policy	Tax and Fiscal Policy
Civil Justice	Civil Justice	Civil Justice	Civil Justice
Law and Justice	Criminal Justice	Public Safety and Elections	
Trade and Economic Development	Trade and Transportation	International Relations	International Relations
State Affairs	Ad Hoc Committee on Federalism		Justice Performance
Children and Family Services			
Insurance Regulations			
Labor			
Transportation and Public Works			
Energy, Environment, and Natural Resources			
Substance Abuse			
National Working Group on State AIDS Policy			
17	10	9	7

This fit with a broader effort on the part of ALEC leadership in the mid 1990s to explicitly adopt a "business philosophy" in order to rebuild the group's finances and pay off its sizeable legacy debts. One board member estimated in the 1990s that ALEC might need a short-run infusion of $744,000, followed by a longer-term capital campaign to raise at least $2.2 million, even worrying that ALEC "will go under if there is not a significant influx of money in a short period of time" (ALEC 1996b).

At the same time that it acknowledged that ALEC was a non-profit entity, a business report prepared for ALEC's leadership intended to improve the organization's finances argued that "nevertheless, like a business, ALEC must generate sufficient revenue to cover operating costs, maintain a reserve fund, and have the resources to expand services and make capital investments. Therefore ALEC must begin to function more like a business, and recognize that it has a product that it provides to a defined customer base for a 'profit'" (ALEC 1996c, 2). As the report put it bluntly, the "product" that ALEC was selling was state policy, and it was selling the opportunity to write state policy to private sector businesses.[30] ALEC, this report argued, needed to highlight and aggressively market the selective benefits that it could offer to firms that were unavailable in other business groups. Task forces would now be responsible for covering their own costs, so to that end, ALEC's Board of Directors encouraged task force staff to "identify 'hot topics' to generate enough [corporate] interest to cover costs" using ALEC's unique ability to help companies promote particular policy ideas across many different states at once (ALEC 1997b). Task forces that could not attract corporate support were told to turn to conservative foundations (as with welfare and education policy), or else would be dropped from the group

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[30] ALEC's controller, for example, recommended to the Board of Directors that ALEC emphasize "policy, the main product" (ALEC 1996b).

(ALEC 1996c, 1997b). We can see the consequences of the business approach to task forces in Table 1.1, as the total number of task forces dropped from 17 in 1989 to seven in 2014. The task forces that were abandoned were generally those without clear corporate sponsors – like those addressing substance abuse and child and family services.

Although conservative foundations had provided the seed money for ALEC, the group's leaders were increasingly skeptical of turning to philanthropies for support, preferring corporate over foundation grants. The reason was that conservative foundations had begun to attach many strings to shrinking grants that greatly limited the ability of ALEC to use the funds to cross-subsidize other purposes.[31] In addition, foundations were slower than private sector firms. While a company could simply cut a check to ALEC after a fundraising meeting, foundations "took time," since they had elaborate mechanisms for grant applications that had to pass multiple votes. "They had all of this infrastructure" that got in the way, summed up an ALEC leader at the time.[32]

The private sector thus became a model for the group's own operations, and its task forces a mechanism for selling specific – and unique – products to individual firms, offering "an invaluable resource to businesses seeking to prosper in today's challenging public policy environment" (ALEC 1995a, 3). In contrast to other national business associations or conservative policy groups, ALEC could credibly claim to firms that it was "uniquely positioned as a legislative network that crosses geographic, political, and economic lines… No other organization in America has as many valuable assets ... in as many key [state] decision-making

[31] Author interview with former ALEC leader, September 30, 2015.

[32] Author interview with former ALEC leader, September 30, 2015.

positions as does ALEC" (ALEC 1998a). In a crowded field of conservative think tanks and advocacy groups, trade associations, and national business groups, then, this organization was able to stand out thanks to the niche it had carved out in connecting firms with state legislatures. The development of this strategy also contrasts sharply with ALEC's behavior in its initial years, when it was more focused on responding to liberal initiatives, often involving social issues and frequently at the national level, rather than pursuing proposals in which individual firms were most invested in state politics.

Even as ALEC's increasingly entrepreneurial task forces addressed the challenge of attracting corporate support in the mid-1990s, the group began facing another obstacle: conflicting policy preferences between corporate members. Here again, task forces developed a clear set of standards for adjudicating between diverse policy preferences and ideas held by ALEC's corporate participants. There were two components to this strategy.

First, there would be an explicit division of labor between ALEC's task forces by substantive policy domains, so for instance, only the agricultural task force could produce and disseminate policy proposals related to agriculture. ALEC's leaders developed highly specific and elaborate language for assigning potential model bills and policy activities (such as workshops and conferences) to each task force, and to deal with issues that might cross task force jurisdictions.[33] The significance of this division of labor is that it mitigated potential conflicts about which sorts of issues and policies the group should be promoting. While other national business associations might find their membership deadlocked over deciding which legislative issues to prioritize each year, ALEC delegated its agenda to the firms most invested in

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[33] For instance, see the group's task force operating procedures: ALEC 2009b.

those corresponding policy domains. Thus there were few cases where the group would need to choose whether to pursue, say, policy proposals related to agriculture instead of proposals related to health care.

The effectiveness of this strategy is evident in the diversity of policy proposals the group has advanced over time, and also by the fact that model bills produced by one policy task force have, in some instances, run against the intent of model bills produced by another task force. For instance, while its tax and fiscal policy task force members were promoting bills to reduce state spending, the criminal justice task force advanced bills that would have greatly increased state spending on prisons through more punitive sentencing laws (ALEC 1990, 1994b; Biewen 2002).[34] In another national business group without such a highly delegated governance structure, these conflicting proposals might not have both been advanced by the association, leading the firms promoting the opposing perspectives to leave the group (or to never have joined in the first place). This delegation explains why tech giants like Facebook and Google could be members in ALEC while also promoting initiatives to address climate change outside of ALEC. These firms were participating in the telecommunications policy task forces – and had nothing to do with ALEC's other environmental policy groups. As Facebook executive Bill Weihl explained when asked why the social media giant was a member of a group that opposed its other environmental policy priorities: "We're not an advocacy or a single-issue organization. We're a company. We are members of many different organizations, that one included. We don't necessarily agree with everything that these organizations says and certainly individual

[34] However, in recent years ALEC has sharply changed its direction on crime, seeking to move towards alternatives to incarceration. This is consistent with a broader shift by conservatives on criminal justice policy. (Silver 2013; Dagan and Teles 2012).

employees may not, but we do an enormous amount of good and we're really proud of the work we've done through other organizations" (quoted in Johnson 2013).

Of course, even as firms were contributing to individual task forces, the money they directed towards ALEC still subsidized other activities as well, including the infrastructure for the whole organization. As an ALEC leader I interviewed reminded me, although companies came to ALEC to work on a "certain model bill," their "X dollars came in and it funded everything – the company's issue and everything else." This ensured that the entire organization could be supported and, according to the leader, was a very explicit reaction to the earlier ALEC era in which ALEC sought project-specific funding from foundations to the detriment of the rest of the organization, which was how the group ended up with so many "unfunded liabilities."[35]

While the strict delegation of policy activities to the task forces managed conflicts between policy domains, ALEC still needed to address the issue of opposing preferences *within* task forces. To do so, the group's leaders established clear criteria for which firms would prevail in conflicts within task forces: firms that contributed more to the organization and enjoyed a higher level of membership would have the last word. The basic level of membership, for instance, qualified firms to participate in task forces, but did not grant voting rights over task force decisions; for that firms would need to contribute at least three times more ($7,500 versus $23,000 per year; ALEC 1998a). And for an even higher level of membership (about $40,000 per year), firms could be guaranteed that their issues would be addressed by a task force: "in addition to the benefits of *Lincoln Club* membership, *Madison Club* members may have a Legislative Director work on their behalf on a specific project" (ALEC 1995a, 11). Similarly, for even

[35] Author interview with former ALEC leader, September 30, 2015.

higher levels of membership, firms could be assured that they would have specific input into the design of topics and speakers for the group's annual meetings (ALEC 1998a).

Thus if a company found itself at odds with another ALEC member over a particular model bill, both firms would have a clear expectation of how that conflict would be resolved: the matter would come down to the amount that managers at each company were willing to pay to have that idea disseminated across ALEC's membership. This decision rule prevented ALEC from suffering many of the same intra-association conflicts described by other authors in groups such as the U.S. Chamber of Commerce or the Business Roundtable.

Perhaps the best example of this strategy for managing inter-firm conflicts comes from state battles over electricity deregulation, which pitted state-level utilities against firms seeking to trade across state lines, as well as heavy industrial consumers of electricity. Both types of firms were active in ALEC during this period, with the former represented by the Edison Electric Institute (the trade association for investor-owned utilities) and the latter represented by Enron (which sought to sell electricity across the states) and Koch Industries (which was a major power consumer). The task force responsible for energy-related policy was deeply divided between these two sets of interests (Greenblatt 2003; Natural Resource Defense Council 2002). Ultimately, however, Enron and Koch Industries decided to invest in greater access, and their position was reflected in a series of model bills, resolutions, and research produced by the group (e.g. ALEC 1996a). Indeed, Enron was such a large contributor to ALEC that the company's CEO Ken Lay was offered a keynote address at the subsequent annual ALEC meeting in New Orleans – an example we saw in the preface. At that meeting, Lay made the pitch for deregulated electrical markets before the assembled body of state legislators from across the country. Had the investor-owned utilities been willing to offer a greater sum of contributions to ALEC, it would have been their representatives at the annual meeting instead of Lay. In this way, ALEC was able to maintain its neutrality and let the opposing firms decide for themselves how much they valued ALEC's services. Summed up the Edison Electric Institute's manager of state government affairs: "It's a situation where you buy a seat at the table and then you have the opportunity to vote and drive policy. We don't have enough votes. If they are going to do something we like, they don't need our votes, and if they are going to do something we do not like, we can't stop them" (Natural Resource Defense Council 2002, 5).

Table 1.2 summarizes the leadership structure of the organization in these years. ALEC was headed by a national board of directors, which in turn was split between the group's two constituencies: state legislators (on a public sector board) and private sector firms (on a private sector board). Those two boards were led by a National Chairman, who has always been a state legislator. Corporate members and state legislators were further represented through state chairmanships, with at least one private sector leader and legislator representing each state (and with some states having up to three chairs). A major responsibility of these state chairs was the recruitment of new corporate and legislative members. State legislative chairs, for instance, would reach out to newly elected lawmakers to encourage them to attend ALEC's orientation summit for new legislators and to become members themselves. State corporate chairs, for their part, would do the same for their colleagues whose firms might benefit from participation in the organization.

Incorporating locally-recognized leaders in a federated structure helped ALEC to build membership in all states, including states where ALEC might not have initially seemed viable (Skocpol 2004). Indeed, one of the key leaders during ALEC's rapid growth in the late 1980s attributed the organization's success in part to the state chair structure. Before he took over as the head of ALEC in 1988, staff at ALEC had "talked about" having state leaders embedded in the group's leadership structure, but they "hadn't worked out the requirements," so it was a "loosey-goosey affair."[36]

To build up the state chair system, this leader traveled to some 40 states each year, seeking out respected Republicans and moderate or conservative Democrats who might be interested in joining the group. He looked hard for members from both parties, so that the group wouldn't only be identified with "strident Republicans" – a key selling point to corporate donors and to other prospective members. Having members from both parties also protected the nascent group from being coopted by the GOP. Lastly, once the state chairs were recruited, he set up a system of competitions – inspired by his love for football – to encourage each of the chairs to recruit as many other of their legislative colleagues as possible. Using the perks of fancier hotel rooms or subsidies for room and board at ALEC conferences as an incentive, ALEC's leadership rewarded the state chairs who recruited the most active new members from their states. In addition to sheer numbers of recruits, ALEC rewarded chairs who invited lawmakers from a more diverse array of legislative committees so that the organization as a whole had legislators with a variety of policy responsibilities who could be of interest to firms from different sectors.[37]

[36] Author interview with former ALEC leader, September 30, 2015.

[37] Author interview with former ALEC leader, September 30, 2015.

Table 1.2: Leadership Structure of ALEC, 1990s

	Board of Directors, led by National Chairman (Legislator)	
Private Enterprise Board (Corporate Members)		*Public Board (Legislative Members)*
Private Enterprise State Chairs (At Least One Per State)		*Public State Chairs (At Least One Per State)*
	ALEC Task Force Chairs (Legislative and Corporate Chairs)	
	ALEC National Staff	
	Administration, Development, Public Affairs, Meetings and Conventions, and Legislation and Policy	

Having dealt with the problems of attracting a deep bench of corporate and legislative members and managing conflicting preferences between diverse firms, ALEC had one final obstacle during this period: the need to not only focus on the short term interests of its patrons, but also to invest in the pursuit of policy objectives that would aid in the long-run political success of the organization. Here the group took advantage of the budget strains of many states in the 1990s to advance reforms that would not only bring about short-run substantive changes favored by its corporate members but also longer-term structural changes in the political landscape.

ALEC exploited poor state budget conditions in a two-step process. First, the group defined the cause of weak budgets as “principally […] the result of rapid increases in state spending, not diminished revenues” (ALEC 1994c). Given that diagnosis, ALEC’s solutions focused on ways for states to cut spending, rather than raising taxes. But ALEC's recommendations did not just include one-time cuts to state spending; rather, ALEC heavily emphasized reforms that would change the ways in which future policies were made to make it permanently harder for proponents of greater spending and taxes to pursue their objectives (ALEC 1994c; Berthoud and Brunelli 1993).

These changes are an excellent example of strategic investment in the group's future political success. For example, ALEC proposed placing constitutional and statutory tax and expenditure limits on state government, as well as legislative supermajority requirements for additional tax increases (Berthoud and Brunelli 1993). These are both procedural reforms that would make it more challenging to raise taxes, and thus to fund liberal policy priorities. Other reforms aimed not at placing procedural roadblocks to opponents of the group, but rather focused on reducing the political resources available to its opponents. Examples here include legislation that would privatize public sector services and cut the public workforce – moves that would weaken the strength of public sector labor unions indirectly – as well as reforms to directly reduce the organizing capacity of public sector unions, for example by preventing payroll deductions of public sector union dues, or making those deductions substantially more difficult (e.g. Lieberman 1999).

To build credibility for those proposals, ALEC periodically released a publication called "Assessing the Human Toll of America's Protected Class," which claimed to show overly generous public employee compensation across the states (public employees being the protected class), and also argued that excessive public compensation imposed social and economic costs on states, including additional unemployment and slower economic growth (e.g. Cox and Brunelli 1993). ALEC also collaborated with state-level think tanks to produce similar reports tailored to specific states, with great success (e.g. Andrews 1989, 63). The natural conclusion from these reports was that states could not afford *not* to curb public sector compensation in the short-run, and to make it more challenging for public sector unions to operate over the longer term to prevent future claims on taxpayers (ALEC 1994c; Berthoud and Brunelli 1993).

ALEC pointed to the success of its proposals for structural changes in the budget process in previously cash-strapped states such as Alabama, Louisiana, Illinois, West Virginia, North Carolina, Connecticut, and Texas, which all introduced commissions to examine waste and excess in government spending and to consider privatization (ALEC 1994c). A more recent example of ALEC's success at exploiting poor budget conditions to pass policies with an eye to future political struggles can be found in Wisconsin, which enacted versions of ALEC legislation restricting public sector union mobilization while using state fiscal shortfalls and a poor economy as justifications for the reform.[38] With Wisconsin's public sector unions weakened and on the defensive, state Republicans were able to press through a number of other conservative measures drawn from ALEC legislation.[39]

As one labor reporter bemoaned "the fiscal crisis of the states provided the pretext for Republicans to try to take out their foremost adversaries, public-employee unions." The logic for this was simple, according to that journalist: "Labor was the chief source of funding and volunteers for their Democratic opponents" (Myerson 2012; see also Fang 2013). In short, poor state budgets provided an important opportunity for ALEC to promote legislation that would

[38] For example, Wisconsin Governor Scott Walker (himself an ALEC alumni) included ALEC model bill language in a budget repair bill that eliminated collective bargaining rights from the majority of state employees, defining collective bargaining as an "expensive entitlement" that the state could no longer afford in a time of fiscal shortfall (quoted in Schultze and Walker 2011).

[39] Brendan Fischer, "ALEC in Wisconsin," (Center for Media and Democracy, 2012).

achieve both short-term substantive ends and reshape the political process in ways that would disadvantage their political opponents in later political skirmishes.[40] These strategies continue to pay off as public sector labor unions have found themselves on the defensive end of persistent legislative campaigns to weaken their bargaining capacity across the country (Freeman and Han 2012; Greenhouse 2014; for context, see especially Walker 2014). We will return to these campaigns in more detail in the next chapter.

Thanks to these three organizational innovations by ALEC leaders, by the end of the 2000s, the group had developed into a formidable institution, commanding a budget of $9 million, with another $6 million in assets, and 36 staff members, according to the group's 2011 tax returns. In 2008, ALEC identified 751 of its model bills that had been introduced by states, and of those, 118 were ultimately enacted; in the following year ALEC found that 826 of its bills were introduced, and 115 were enacted (ALEC 2009a, 2010a). Lastly, its board of directors in the late 2000s included members from prominent Fortune 500 firms such as GlaxoSmithKline, Intuit, Wal-Mart, UPS, Johnson & Johnson, DIAGEO, AT&T, Bayer, PhRMA, ExxonMobil, State Farm, Altria, Kraft, Coca-Cola, and Pfizer (ALEC 2007).

One important question raised by my account of ALEC's learning over time is whether the groups' leaders were in fact making decisions with past failures in mind, or whether there were simply new staff members entering the group with new visions of what the group should be doing. To some degree, ALEC's shifting attitude towards corporate America coincided with changes in the group's leadership. But by the time former NFL football player and Reagan staffer Sam Brunelli assumed ALEC's executive directorship in 1988, the group was already

[40] For a similar argument linking fiscal crises to the federal government's "turnabout" against public sector unionism, see McCartin 2008.

starting to implement many of the reforms that would attract new business members (ALEC 1989, 34). Brunelli would continue to serve as the group's leader for nearly a decade, and would then be replaced by another long-time ALEC staffer, Duane Parde, ensuring continuity of the group's leadership. Thus, staff replacement alone cannot account for the group's changing strategies over time.

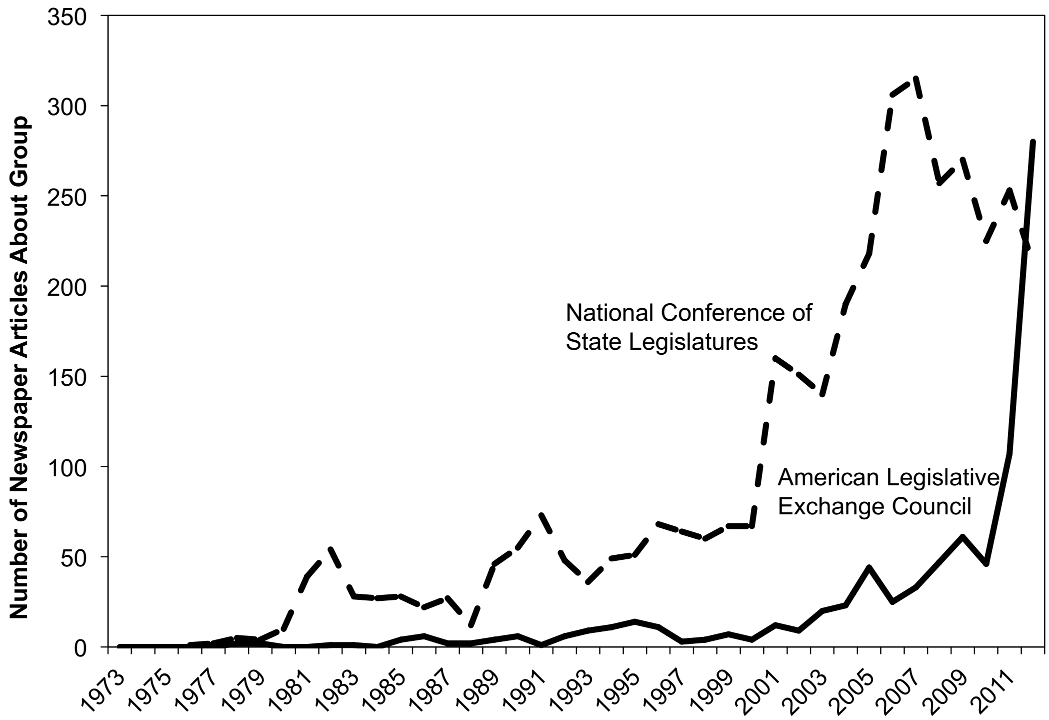
Backlash to ALEC in the Mid-2000s: The Perils of Media Attention and the Appeal of Low Salience Politics for Corporate Coalitions

Until the mid-2000s, ALEC had successfully avoided attracting much media attention. Few outside the rarefied world of state politics recognized the group or appreciated its growing influence. Figure 1.4 shows media coverage of ALEC over time and in comparison to a similar organization – the National Conference of State Legislatures (NCSL) – that also represents state lawmakers and seeks to provide public policy resources to state governments. It is worth noting, though, that the NCSL is distinct from ALEC in a number of important respects: it has studiously remained nonpartisan for its organizational history, it has generally refrained from producing model legislation, and it funds itself largely through grants from federal and state governments, as opposed to private sector donations.[41] To construct this figure, I searched LexisNexis for newspaper articles written with either NCSL or ALEC as a subject. On average, only about four newspaper articles were written each year about ALEC between the 1970s and 1990s, while about ten times as many were written about the NCSL, and this was despite the fact that ALEC was growing rapidly during this period. Indeed, in no year between 1976 and 2011 did ALEC receive more than half of the newspaper coverage that the NCSL garnered – until 2012. The figure thus presents two key questions: First, how was ALEC able to maintain such a low degree

[41] For a more extensive comparison between ALEC and NCSL, see Colleluori and Powell 2012.

of media coverage and public attention, even as it grew rapidly over time? And second, what happened in 2012 to increase public attention to the group? I answer each of these questions in turn.

Figure 1.4: Newspaper Coverage of the American Legislative Exchange Council Compared to the National Conference of State Legislatures



Notes: The figure shows the relative media salience of two groups representing state lawmakers – the National Conference of State Legislatures and the American Legislative Exchange Council – as measured by the number of newspaper articles (extracted from LexisNexis) each year with each group as a subject. This figure shows that ALEC has received substantially less media attention than NCSL until 2012.

Consistent with the expectation that firms sought to minimize the potential for backlash from consumer or investor controversies, ALEC deliberately lowered its public salience and visibility, making it harder for the public or media to identify its membership, and to obscure the role it played in disseminating legislative ideas across the states. For example, ALEC members in some states, like South Carolina, Indiana, and Colorado, passed laws that exempted the organization from lobbying disclosure requirements (e.g. Hawkins 2013; Abowd 2012. So while other political groups had to report their interactions with state lawmakers, ALEC did not. As one shocked South Carolina representative put it after discovering the ALEC exemption in his state: “I can’t get in a car with a lobbyist and drive up the street. But ALEC can give me a scholarship to fly across the country” (quoted in Abowd 2012). In addition, access to model bills was limited to ALEC members only, and lists of the legislative and corporate members of ALEC were not made available to the public. Similarly, when ALEC’s activities began to receive media attention at the national level, its Board of Directors became notably nervous; one leader in particular was “[g]etting a little concerned that ALEC might be going off the deep end. ALEC [did] not need to get publicized” (ALEC 1998c). The group was also especially sensitive to the perception that companies were “buying access” to policymakers through ALEC. In response, ALEC’s Board of Directors recommended changing its operations to “limit exposure in that area” by making it harder to link specific companies to any particular ALEC event or deliverable (ALEC 1997b). If these strategies had worked well for so long – as Figure 1.4 suggests – then what went wrong in 2012?

The answer is that in that year, a coalition of progressive groups began a campaign to pressure corporate members to sever their ties to ALEC. The impetus for the new campaign was the death of Trayvon Martin, an unarmed African-American teenager who was shot and killed by the neighborhood watch coordinator of the gated community where he was staying (Barry et al. 2012). The shooter initially justified his actions under Florida’s so-called “stand your ground” law, which legalizes the use of deadly force in self-defense if a citizen feels sufficiently threatened. In investigating the origins of Florida’s self-defense provisions, progressive groups discovered that ALEC had been promoting similar laws, inspired by Florida, across the country (Graves 2012).

The National Rifle Association, a long-time ALEC participant, had worked with ALEC's criminal justice task force to draft a model bill that strongly resembled the Florida law shortly after it had passed in 2005 – a task force that Wal-Mart, a major gun and ammunition retailer, chaired (Graves 2012, on Wal-Mart's gun sales, see Sanburn 2013). According to the Center for Media and Democracy, "since becoming an ALEC model, sixteen states have passed laws that contain provisions identical or similar to the ALEC 'Castle Doctrine Act.' In 2007 it was passed in four states and highlighted by ALEC on their 'legislative scorecard'" (quoted in Nichols 2012a). The African-American political advocacy group Color of Change, which had been trying to draw attention, relatively unsuccessfully, to ALEC model bills promoting restrictive voting requirements in the past, had finally found a compelling hook for its efforts (Weiner 2012). Its members began bombarding ALEC corporate participants like Amazon, AT&T, State Farm, and Pepsi with phone calls and emails (Hoffman 2012). Color of Change was soon joined by other progressive groups, like the Center for Community Change, Common Cause, and People for the American Way. Several large unions, including AFSCME, participated as well. Importantly, AFSCME was able to wield its leverage as an institutional pension fund investor to pressure companies to leave ALEC, too (Progress Now Colorado 2013). Soon, the anti-ALEC campaign's criticism expanded from focusing mainly on gun control and self-defense laws to include a range of ALEC model bills that clearly were drafted to benefit specific corporate interests.

It is striking to note that liberal groups had tried – and failed – to raise attention to ALEC nearly a decade before in 2003. In that year, People for the American Way and Defenders of Wildlife spearheaded the creation of a coalition of left-leaning groups that included Public

Citizen, the NAACP, the AFL-CIO, the NEA, and the Natural Resources Defense Council (Stone et al. 2003). According to one of the coalition's leaders, a former labor operative, "when a spotlight is shone on the corporate, right-wing agenda, then ALEC's bills will no longer be able to slip quietly through state legislatures" (quoted in Stone, Valda, and Jacobson 2003). But unlike the later effort in 2012, this campaign was unable to get much traction on their reports and publicity of ALEC without a broader connection to current events. This comparison to earlier efforts to bring attention to ALEC thus highlights the critical role of the Martin shooting for providing a hook for the push in 2012.

Under the new broad-based pressure in 2012, many of ALEC's more prominent members left the group, including Coca-Cola, Pepsi, Kraft, Wendy's, and Walgreens. Said Wal-Mart's government affairs representative at the time: "we feel that the divide between these activities and our purpose as a business has become too wide" (quoted in Wohl 2012). The Center for Media and Democracy reported that 49 corporations and six non-profits (including the Gates Foundation) left the group following the Martin controversy; leaked internal ALEC reports show an even bleaker story: 68 private sector members dropped or let their membership expire in 2012 (compared to 20 departures in 2011 and 31 in 2010; ALEC 2013). That decline in membership also caused a corresponding drop in revenues, and ALEC faced a gap of $1.4 million in its June 2013 budget, or more than a third of its projected income (ALEC 2013). Explained ALEC's director of public relations at the time: "companies do not like controversy of any sort. It is also clear that – whether true or untrue – accusations made of ALEC cost members" (quoted in Pilkington and Goldenberg 2013). In response to the departure of these firms and the heightened public attention, ALEC reported that it would end its public safety and elections task force, the group responsible for disseminating self-defense and voter ID laws (Lichtblau 2012).

Since the initial backlash in 2012, public attention has not diminished, and if anything, has increased. Major media outlets, like the *New York Times* (McIntire 2012; NYT 2012), the *Nation* (Nichols 2012b), and *Bloomberg Business Week* (Greeley 2012b) all have written (mostly critically) of the group, and progressive organizations, especially Common Cause and the Center for Media and Democracy, have closely tracked ALEC's activities – even showing up to ALEC's meetings to stage protests in conjunction with labor unions. What is more, the Center for Media and Democracy received an anonymous leak of ALEC model bills, and has posted those and corresponding analyses on a dedicated website ("alecexposed.com") in conjunction with the *Nation*. "A confluence of events created an opening for people to focus a little bit more on what this organization was about. Part of ALEC's modus operandi was to operate behind the scenes without a lot of visibility. It's getting that now," explained Marge Baker of People for the American Way (Weiner 2012). Even national politicians began criticizing firms for their connections to ALEC, such as Senator Dick Durbin from Illinois (Shiner 2013), and Organizing for America, President Obama's grassroots campaign organization, used attacks against the firms affiliated with ALEC in a 2014 fundraising bid (an excerpt of this message appears in Figure 1.5).

Figure 1.5: President Obama's Grassroots Organizing Group Attacks ALEC in 2014

ORGANIZING FOR **ACTION**

Nathaniel --

Google just did something pretty cool:

Along with other tech companies like Facebook, last week they decided to drop their support of the American Legislative Exchange Council (ALEC), a corporate-backed group that promotes right-wing legislation at the state and national level. That's because, as one executive put it, "they're just literally lying" about the realities of climate change.

Several companies have now taken action, after hundreds of thousands of Americans called on them to end their affiliation with ALEC.

This is the type of change that happens when ordinary Americans raise their voices. It's why OFA is collecting signatures to submit to the EPA in support of President Obama's Clean Power Plan.

Although it was the Martin shooting that initially drew national attention to the group, it was ultimately the focus of ALEC on corporate-drafted bills that sustained national interest and backlash to ALEC's activities. As one *New York Times* editorial put it pointedly: "Lawmakers who eagerly do ALEC's bidding have much to answer for. Voters have a right to know whether the representatives they elect are actually writing the laws, or whether the job has been outsourced to big corporate interests" (NYT 2012). The existence of so many ALEC initiatives that so clearly benefited the financial interests of particular firms and industries made such statements easy to make and public outrage from the left easy to sustain. ALEC leaders were quick to attribute their recent losses to a well-organized campaign from the left. At their 2014 annual conference, ALEC officials hosted a session entitled: "Playing the Shame Game: A Campaign That Threatens Corporate Free Speech," which explained to attendees that "union activists are out to get ALEC—that they're following Saul Alinsky's playbook on browbeating corporations into submission. Unions are often shareholders in public companies thanks to pension fund investments. That means they get to offer proposals, such as "resign from ALEC," in annual shareholder meetings" (quoted in Bykowicz 2014).

The recent controversy over ALEC, then, demonstrates the limits of organizational efforts to mask corporate involvement in political coalitions. Indeed, in the aftermath of the 2012 controversy, we have seen ALEC making even more vigorous attempts to lower its media visibility and public salience in the wake of the recent controversy – for instance, in 2013 it declared itself exempt from any public disclosure laws, not just in states that had previously passed legislation explicitly exempting the group (Hawkins 2013). And its activities have become even more restricted from the public – starting in 2013 it began distributing model bills and task force agendas through secure file sharing services to prevent leaks, and to ensure that the materials could not be requested through open records laws (Fischer 2013).[42] Clearly, high visibility and salience are liabilities for a group like ALEC that opens up firms to such public backlash. As Wisconsin state representative Chris Taylor, who attended the 2013 ALEC annual meeting opined, "ALEC cannot otherwise exist" without its corporate members being able to mask their relationship to ALEC from the public's attention (Taylor 2013). Bloomberg *Business Week* summed up ALEC's need for secrecy in a similar manner: "if ALEC operated with complete openness it would have difficulty operating at all. ALEC has attracted a wide and wealthy range of supporters in part because it's done its work behind closed doors…Part of

[42] Following the leak of model bills by the Center for Media and Democracy, ALEC announced it would make some of its model bills available on its website, though an examination of these publicly available bills indicates that they do not encompass the entire scope of proposals that ALEC has made.

ALEC's mission is to present industry-backed legislation as grass-roots work. If this were to become clear…there'd be no reason for corporations to use it" (Greeley 2012a).

ALEC in Comparative and Historical Context

In this chapter we have seen how a small but energetic group of conservative political entrepreneurs assembled an infrastructure for pressing their policy demands across state legislatures, and in so doing, dramatically changed the character of state legislation, as we will see in the next chapter. Though they struggled in the coalition's initial years, these leaders – like Paul Weyrich and Sam Brunelli – soon arrived at a set of strategies that would prove to be very successful in attracting new constituents, especially private sector firms, into their group. These firms brought with them deep pockets, from which they could make generous donations to the coalition's burgeoning operations, as well as increased prestige and credibility within the conservative movement. Firms, however, were not merely acting out of charity in their support of ALEC. Businesses realized that the group could provide them with valuable benefits that they could not obtain elsewhere, helping corporate executives disseminate their preferred policies across all fifty statehouses. In a testament to the value of those legislative benefits, some of the largest and most prominent American firms – ranging from pharmaceutical giants to car manufacturers to online retailers – joined the group and sat on its board of directors.

Apart from offering an important addition to the historical narrative on the rise of the conservative movement and business mobilization since the 1970s, this chapter also offers valuable insights into the organization of business interests in the United States and other advanced democracies, the strengths and limits of coalitions between ideological actors and private sector firms, and the intersection between federalism and business interests. As we saw in the introduction to the chapter, ALEC's historical trajectory seems to defy much of the received wisdom about business mobilization offered by political economists, sociologists, and historians – the group flopped during the heyday of other national business groups, and flourished just as those other corporate coalitions began to flounder.

The answer to this puzzling trajectory lies with the strategies and structure that ALEC's leaders put into place, and my explanation for that trajectory engages with the arguments made by work in all three of those disciplines. Consistent with the claims made by scholars who study the political economy of rich democracies, forming multisector national business groups that proactively lobby for legislation in the United States *is* indeed challenging given our liberal, fragmented, and pluralist political institutions. Getting Ford Motor Company to join the same business association as its main rivals, in addition to firms from radically different industries with very different perspectives and needs from government, and then getting all of those executives to agree on a common policy agenda to promote to legislators, is hard work.

But my analysis shows that American political and economic institutions are not insurmountable; savvy business leaders, especially those that learn over time, can create organizations that address the myriad challenges presented by the uncoordinated U.S. economy – and ALEC shows how this might work. While the United States will likely never have a single peak business association representing all of the different sectors of the economy, it does appear possible to foster organizations, like ALEC, that carefully craft coalitions between otherwise fragmented corporate interests. Speaking to the work of historians and sociologists, this chapter shows the importance of recognizing the diversity of groups within the business community. Not all associations followed the same trajectory as the U.S. Chamber of Commerce or the Business Roundtable of rapid organization, unity, and then fragmentation. Some groups – like ALEC –

continued to play a coordinating role for firms, even if ALEC did not have the same moderating tendencies described by authors like Mark Mizruchi (2013).

The historical narrative and analysis I have presented also carries insights for our understanding of how coalitions between firms and ideological leaders can develop, the advantages that such coalitions can confer to each of those participants, and the dangers that those coalitions can potentially present for the private sector. As ALEC's fiasco in 2012 showed so clearly, establishing ties to actors with controversial policy priorities and advocating plainly transactional proposals can be bad news for firms – and ultimately, for the coalitions between conservatives and corporate interests. But firms were willing to accept those risks given the lucrative legislative payoffs that ALEC was offering. These are not the only insights we can glean from ALEC's history about the relationships between corporate actors and ideologically-charged actors; as I will show in a subsequent chapter, firms did not simply extract benefits from ALEC – their membership in the group also changed firms over time, shifting the ways that their top executives construed their preferences and interests.

A final contribution offered by this narrative relates to business's interests in federalism. ALEC helped firms to navigate what is otherwise a tricky balance: their preference for standardized policy across the myriad subnational governments in the United States, as well as a preference for retaining policy at the levels at which firms enjoyed the most political influence, which is typically state and local government. The recognition that firms have cross-cutting interests in federalism is one that often is underappreciated in scholarly debates over business power, and opens up a range of interesting research questions about how firms manage that dilemma.

Having laid out the historical trajectory of ALEC and drawn out some of its implications for our broader understanding of the organization of business associations, we next turn our attention to the specific legislative proposals that ALEC has advanced over the years, where those proposals have and have not found their way into state law, and what those model bills can tell us about what business wants from the states – and when business is successful in realizing those demands.

CHAPTER 2: MAPPING THE DISSEMINATION OF BUSINESS POLICY PROPOSALS

"[T]o explicate the concept of power and to pin-point the deficiencies of the operational concepts actually employed may often help us to invent alternative concepts and research methods that produce a much closer approximation in practice to the theoretical concept itself."

– Robert A. Dahl, *The Concept of Power* (1957)

How do we know if public policy reflects the interests of business? For that matter, how do we know what business even wants from government in the first place? Straightforward answers to these questions have often eluded scholars studying business power in American politics. In this chapter, I summarize the methodological issues that both of these questions raise and describe my own approach – based on text analysis of the leaked proposals written by the businesses affiliated with ALEC – and how this methodology addresses the specific challenges of studying business power in a credible manner. In the following section, I describe the results of my text analysis, presenting a rich picture of patterns of business influence in state legislation – through ALEC – from 1995 to 2013. I identify how patterns of business influence have changed over time, how these patterns are distributed across states and issue areas, and how the passage of corporate-backed ALEC proposals have changed the American political economy. Lastly, I begin to explore a range of explanations for why some states turn more frequently to ALEC for the ideas and language in their introduced and enacted bills than others.

The Problem of Preferences and Influence

One major issue in research on business power has been figuring out exactly what individual firms want from public policy. Nowhere has this debate been clearer than in the literature on the politics of social policy, especially in the context of the United States, where several generations of scholars have debated the role that capitalists played in the passage of New Deal-era legislation, like the Social Security Act. On the one hand, scholars such as Colin Gordon (1994), Peter Swenson (2002), and Jill Quadagno (1984) have pointed out that a small – but powerful – subset of large employers stood to benefit from new social programs that could put pressure on their low-wage competitors. This logic that employers have diverse interests towards social policy, and that some capitalists may even favor the creation of new programs, has been extended to a comparative context by scholars such as Isabela Mares (2003), as well as Margarita Estevez-Abe, Torben Iversen, and David Soskice (2001), who point to the importance of generous public social benefits in encouraging workers to invest in firm- and industry-specific skills.

Other scholars have challenged the claims of the employer-centric literature (Korpi 2006; Skocpol and Amenta 1985; Hacker and Pierson 2002). Their arguments have tended to emphasize the fact that overall business support was never more than lukewarm, and much of the strongest evidence of employers favoring social programs occurred only after social programs had been created, or at least after it had become clear that government would enact such benefits. Some of this debate has turned on the interpretation of specific pieces of archival evidence. But as Jacob Hacker and Paul Pierson (and later David Broockman) have pointed out, a deeper issue is how authors conceptualized and attempted to measure businesses' policy preferences (Hacker and Pierson 2002; Broockman 2012).

As Hacker, Pierson, and Broockman argue, scholars cannot take the publicly stated policy stances of a political actor, including employers, at face value. Policy stances are a product *both* of actors' own preferences *and* of actors' interpretation of the strategic context in which they are operating. Thus, business support for a particular social program might reflect firms' "true" position. But that corporate support might just as easily reflect the fact that businesses thought that they had no other choice but to get on board with new legislation, or alternatively, that firms could reap political dividends from adopting a more conciliatory stance. Thus business support for New Deal-era social programs might be explained by the fact that firms felt they had no other choice but to support social programs in the face of overwhelming

Democratic control of government, a strong and growing labor movement, and deep citizen discontent with capitalism in the wake of the Great Depression.

Broockman (2012, 88) helpfully generalizes the motivations that businesses have to misrepresent their true or "first-order" preferences in politics. Firms might overstate their support for policies that do not represent their true preference, but that are more feasible than their preferred outcome and are more acceptable than the outcome that would occur without their intervention. Firms might also use their position as a strategic resource, exchanging their support for one policy for the ability to shape other proposals or, alternatively, withholding their support as leverage to change provisions that firms oppose. And lastly, businesses' true preferences may shift over time because of their experience with a policy; firms might find ways to make their peace with a policy once in place, or even profit from new legislation in ways they did not originally envision (i.e., policy "feedback effects"; Skocpol 1992; Pierson 1993).

Given these reasons that firms' stances might not represent their true intentions or preferences, how should scholars proceed? Perhaps most apparent are the methodological approaches that do not appropriately address the problem of preferences. Thus approaches that accept firms' public statements as unconditional representations of genuine preferences are highly problematic, as are approaches that impute firms' first-order preferences with their rational economic interests depending on firms' positions in the economy.[43] Instead, authors need to carefully consider the strategic context in which firms are making any statement, and how that context might shape firms' incentives to shift their preferences one way or another.

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[43] The drawbacks of imputing firm preferences with rational economic interests will become even more apparent in chapter 6, which shows how participation in business associations can shape firms' public embrace of – or opposition to – economic regulations.

One method of better understanding firms' preferences is to examine variation in actors' strategic environments and how actors present their preferences differently depending on the changes in their environment (Broockman 2012, 106). But another approach – which I will pursue in this chapter – is to leverage highly detailed knowledge about one specific context in which actors are expressing preferences. Having rich information about one context permits me to make predictions about the degree to which expressed preferences should – or should not – approximate firms' first-order interests, as well as the scope conditions for those predictions.

Addressing the problem of business preferences is only half the battle, however. Apart from the question of business preferences is the measurement of political influence. Even if scholars can carefully discern the genuine interests of a particular firm or business organization, establishing whether or not that actor shaped the content of policy is a daunting task in itself. These questions were at the heart of the "community power debate" waged between scholars of political science and sociology from the 1950s through the 1970s. On one side were elite theorists, who emphasized how a minority of social, economic, and political leaders controlled key decisions in government (see especially Domhoff 2006; Mills 2000 [1956]). Opposing the elitists were pluralists, who emphasized the theoretical, empirical, and even normative shortcomings of an elite-centric approach. Defenders of the pluralist position questioned what elitists meant by power and influence, arguing that their concepts were poorly developed and left little room for falsification (see especially Dahl 1958). Pluralists also questioned the data used by elitists, pointing out that "there is scant evidence to support a conclusion that American communities are run by power elites, and some evidence which tends to refute this conclusion" (Polsby 1962, 841).

Though pluralists and elitists alike abandoned the community power debate without a clear resolution, there are at least two important conceptual insights from these exchanges that inform my own analysis. From the pluralists, I recognize the importance of carefully defining what I mean by power and influence, operationalizing those concepts in a manner that permits falsification, and delineating the boundaries of influence.

For the purposes of my analysis, I adopt Dahl's conception of power as a system of relations between political actors (Dahl 1957); one actor has power over another to the extent that actor can get the other to do something that they would not do otherwise. This definition permits falsification in my analysis to the extent that there is variation in the relationship between legislators and business; business is not always successful in achieving its policy goals, therefore we can examine the conditions under which business is more or less influential in having its interests represented in the policymaking process. Ultimately, however, questions of influence, especially as I have defined it here, are questions of causal inference (Morgan and Winship 2014). In my case, the key comparison is between the changes in legislation that I actually observe and the content of policy in the absence of the business lobbying organizations that I study (the "counterfactual condition," to use the language of causal inference). Because the counterfactual condition is never actually observed, I need to make a series of assumptions to consider the difference between the two states of the world – with and without the presence of ALEC. I address these assumptions in a later section when I describe my specific empirical approach.

The key insight from the elitist scholarship, on the other hand, is the importance of considering how power is manifested in different ways at difference stages of the policymaking process. This conclusion is most apparent in the "faces of power" literature (Bachrach and Baratz

1962; Lukes 1974), which describes up to three dimensions of influence that actors can exercise. The first dimension refers to active conflicts between actors with opposing preferences – what the pluralists were typically examining in their empirical work. But as Peter Bachrach and Morton Baratz reminded scholars, power need not be manifested in outright confrontation (Bachrach and Baratz 1962). In fact, the powerful often do not need to exercise influence in that manner if they control the policy agenda – issues with which powerful actors disagree can simply be kept from debate in the first place (see also Schattschneider 1960). Thus the absence of conflict or minimal levels of conflict do not necessarily imply the absence of disparities in political influence. The third face of power, proposed by Stephen Lukes (1974) similarly applies to situations without open contestation between actors, but in this case what is restraining policy "losers" is not control of the institutional agenda, but rather false consciousness – that is, ideologies disseminated by elites that discourage policy losers from even thinking of changes in the status quo to the first place (see also Gaventa 1982).

I incorporate the elitists' important conclusions about the different faces of power into my analysis in several different ways. First, I consider not only whether corporate policy proposals were drafted into law or not, but also if such proposals were simply on the agenda at all. I also include in my analysis both state bills that change the laws governing each state, as well as resolutions that do not typically have any binding influence over state policy, but that do provide an important indication of the broader array of issues and stances prioritized by lawmakers. Aside from the operationalization of the outcomes I study, I also integrate the different faces of power directly into my theory of when and where business is more likely to be successful in changing public policy. As I described in chapter 1, low salience appears to be a key political resource for business. Where ALEC operated with less public attention and scrutiny

– that is, where they were able to keep the scope of conflict closer to the second, rather than the first, face of power – they were more likely to be successful.

Armed with these clarifications of the obstacles inherent in an analysis of business power, we are better equipped to understand what my data and methods can – and cannot do – to tackle these challenges.

Using the Text of ALEC Model Bills to Address the Problems of Preferences and Influence

ALEC's model bills form the foundation of my approach to measuring business influence across the states, offering leverage on the identification of business preferences and influence in state legislatures. The model bills provide a rich picture of what individual firms wanted from public policy. Although there are other actors that participate in ALEC's task force meetings, including state legislators and representatives from conservative think tanks and political advocacy groups, as the material in chapter 1 made clear, companies have historically had the final say over which model bills get approved – or not – as well as the content of those bills. Thus, we can reasonably assume that the model bills primarily represent the interests of firms – and that when model bills were developed by other actors within ALEC that companies did not object to the substance of the proposals.

Consider one example. It is clear that ALEC model bills like the "Right to Farm Act," which protects large industrial farms from being declared a public or private nuisance if they follow generally accepted practices for farming, including the use of chemical fertilizers, pesticides, and management of farm and animal waste, were likely developed by firms with an economic interest in the specific legislation – in this case, agricultural firms wanting to shield themselves from legal challenges by environmentalist groups. On the other hand, it is less clear that firms had a direct financial interest in other proposals, like the "Public Welfare

Accountability Act," which "provides real financial penalties for state and county public welfare departments…if a state public welfare department fails to meet mandatory work participation rates…set by the federal government." That bill was likely introduced by other actors within the organization more committed to social policy issues – such as conservative think tanks or philanthropies that tended to drive welfare issues within ALEC.[44] Still, the fact that this model bill was developed and disseminated by the group strongly implies that the firms involved in the Health and Human Services task force did not find the content of that proposal objectionable since corporate representatives did not exercise their veto power over the bill.

Apart from largely reflecting the interests of participating companies, the model bills are also important because they were drafted behind closed doors and were not originally intended for distribution beyond the organization's own membership. The non-public nature of the model bills, then, gives us a sense of the strategic context in which firms were operating when they expressed these preferences. In particular, the non-public nature of the model bills gives us good reason to think that firms' incentives to obscure their true interests are substantially lower. Firms' audience within each task force consists of ALEC's state legislative members, not the general public – or even lawmakers unfriendly to corporate proposals. This suggests that firms have far fewer incentives to strategically posture about their policy priorities.

Consider the three concerns with firm stances raised by Broockman that I summarized in the earlier section. The first worry is that firms might overstate their support for policies that are more likely to be passed. But as a review of ALEC model bills indicates, feasibility or

[44] Though see Soss et al. 2011 for an articulation of why low-wage service firms might have a strong interest in retrenching cash welfare benefits and strengthening work requirements. Those firms might benefit from lower reservation wages among low-wage workers.

acceptability does not seem to be a concern of firms (or ALEC) when drafting proposals – many of the proposals are quite controversial, as evidenced by the attention that the group drew in the late 2000s. And in many cases, ALEC has produced multiple model bills with the same overall goal but with varying levels of ambition, which permit legislators to choose the bills that match the political contexts in which they are operating. For instance, to make it harder for unions to collect dues from their members, ALEC has produced some model bills that would make union members sign a form authorizing automatic dues collection for political spending, others that would prevent payroll deductions from being used for political ends, and still others that would end worker contributions to unions altogether. So firms still include their ambitious proposals in ALEC model bills – they simply also include other possibilities, too.

There is also less of a reason to be concerned about firms using their policy stances as a strategic resource in bargaining with legislators, the second of Broockman's concerns. Since the rules governing ALEC effectively give firms a veto over the model legislation that is ultimately produced by the organization, it is firms, not legislators, which have the upper hand in what will emerge from the task forces. Thus, firms would have little need to make concessions to the other participants, including lawmakers, to advance their interests.

Policy feedback effects represent the last important way that firms' preferences would deviate from their true interests. Here it is harder to make a definitive statement about the source and direction of bias present in ALEC model bills. It is almost certainly true that firms have altered the sort of model bills that they promote within ALEC in response to past policies. The landmark Affordable Care Act provides an excellent example. Insurance companies joined ALEC to stymie the passage and implementation of the bill, but left after it became apparent that their efforts would be unsuccessful and that the ACA would remain the law of the land

(Pilkington 2013). This is precisely the pattern that we would expect based on past enactments of major social welfare legislation (Hacker 2002). At the same time, it is difficult to know how widespread these incidents are, especially because of the diversity in public policy across the fifty states. Given those challenges, I set aside this consideration for now.

The last important feature of the model bills is that they offer a concrete method of gauging whether or not legislators relied on business in order to draft actual state legislation. This is the assumption about the counterfactual of business influence that I referenced in the earlier section. If legislators used identical, or near-identical, language from the model bills when crafting state legislation, I assume that it was because they relied on ALEC and the business interests that the group represents. Implicitly, I am also assuming that in the absence of ALEC, legislators would have written different legislation without ALEC-influenced language, potentially even on different policy issues, holding other characteristics of legislators, like their ideology, their constituents, and their partisanship, constant. Ultimately, however, this is an untestable assumption, since I do not have the ability to create a parallel world in which ALEC does not exist. Readers must therefore assess the validity of this assumption for themselves as they consider my results and conclusions. It is worth noting, however, that even if one does *not* consider my approach to offer evidence of "influence" in the Dahlian or causal inference sense, I believe that my results still offer valuable insights into the reach of an important group representing the interests of major companies in state politics. Understanding when and where this group has had its proposals placed on the legislative agenda – and ultimately enacted into law – ought to be of descriptive interest to all scholars interested in questions of political economy, lobbying, and business power.

My general empirical strategy is to systematically compare every bill that state legislators have introduced and enacted with each ALEC model bill. For reasons of data availability that I explain below, my focus is on state legislation introduced or enacted from the mid-1990s to 2013. The goal of these automated comparisons is to see whether legislators derived any part of an introduced or enacted bill or resolution from the text originally contained in an ALEC model proposal. Readers interested in the technical implementation of these methods can consult a companion paper (Hertel-Fernandez and Kashin 2015). What follows below is a basic summary of the text analysis methodology, sketched in broad terms.

The first step in my analysis was to collect all of the ALEC model legislative proposals. To do this, I relied on a variety of sources. I first compiled and digitized the model bills that had been leaked by the Center for Media and Democracy, a left-leaning watchdog group based in Madison, Wisconsin that has been tracking ALEC for a number of years. Over the course of three years, I also accessed a number of state legislative libraries, as well as archives at the Library of Congress, the University of California, San Francisco, and the University of California, Berkeley, to compile and scan older ALEC model bills that were not included in the Center for Media and Democracy's archives.[45] I then categorized each model bill by substantive policy domain (with 16 domains in total). In all, I collected, digitized, and compiled close to 1,000 unique ALEC proposals. To the best of my knowledge, this is the most comprehensive collection of ALEC's proposals outside of the organization itself.

[45] For access to state legislative libraries, I relied on the very helpful staff at the Harvard Widener Library. At UCSF, I relied on the Legacy Tobacco Archives. At Berkeley, I relied on the People for the American Way Collection of Conservative Political Ephemera, 1980-2004.

Table 2.1 shows the distribution of these proposals by substantive issue area. ALEC model bills were most likely to focus on criminal justice, health care, agriculture, energy, and the environment. There were the fewest model bills on guns, housing, and voting and election issues. Interestingly, model bills related to gun rights and voting laws have attracted the most controversy out of all the ALEC models, yet those are the areas in which the organization has been least active over the years, at least from the perspective of generating distinct model bills.

Table 2.1: ALEC Model Bills by Policy Domain

Policy Domain	Count	Share
Guns	12	1%
Housing	15	2%
Voting and Elections	16	2%
Finance	33	3%
Foreign Policy	33	3%
Labor Unions	33	3%
Social Welfare and Benefits	33	3%
Transportation	35	4%
Civil Justice	74	8%
Government Reform	81	8%
General Regulation	87	9%
Budget and Taxes	90	9%
Education	91	9%
Agriculture, Energy, and Environment	113	12%
Health Care	116	12%
Criminal Justice	120	12%

Aside from collecting ALEC model legislation, I also gathered proposals from two groups that were established by progressive activists to be left-wing alternatives to ALEC (we will revisit the troubled history of these organizations in more detail in chapter 5). Having these left-wing proposals is important for the text analysis methodology, because they provide a clear example of non-ALEC legislation, which will be essential to training a classification algorithm to identify ALEC bills. I collected and digitized 312 bills from the Center for Policy Alternatives (CPA) and the American Legislative and Issue Campaign Exchange (ALICE). The final dataset I compiled was the most comprehensive, spanning all state bills and resolutions that were ever introduced and enacted from the mid-1990s (generally 1995) to 2013. In all, this dataset contains about 2.4 million bills and resolutions. The bills and resolutions for this dataset came from individual state legislative websites. Unfortunately due to limitations on electronic bill availability, the text analysis misses out on enacted legislation from Indiana, New Jersey, New York, Pennsylvania, South Carolina, Virginia, Washington, and West Virginia. These states are thus excluded from the rest of the analysis in this chapter.

Having gathered the three different datasets, the next step in the text analysis process was to "pre-process" all of the text data; this included common practices such as making all of the text lower-case, shortening all words to their stems (thus "stemmer", "stemming", and "stemmed" all become "stem"), removing common "stop words" (such as "a", "about", or "after"), and removing punctuation marks, except for hyphens. I next converted all of the pre-processed text from the legislative proposals and actual legislative text into *n*-grams, or sequences of *n* items from the text (a bi-gram, for instance, would contain one pair of contiguous words or stems). For the analysis, I used both bi- and tri-grams. Using these divisions of the documents, I then calculated a variety of measures of similarity between each introduced or enacted state bill and each ALEC model bill.[46] Subsequently, I estimated the topics that each bill covered, and incorporated these topics as another characteristic to match introduced or enacted state bills to ALEC models.

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[46] When an introduced or enacted state bill matched with multiple ALEC proposals, I only included the ALEC proposal with the most overlap. I also dropped state bills that shared fewer than 10 2-grams with ALEC model proposals.

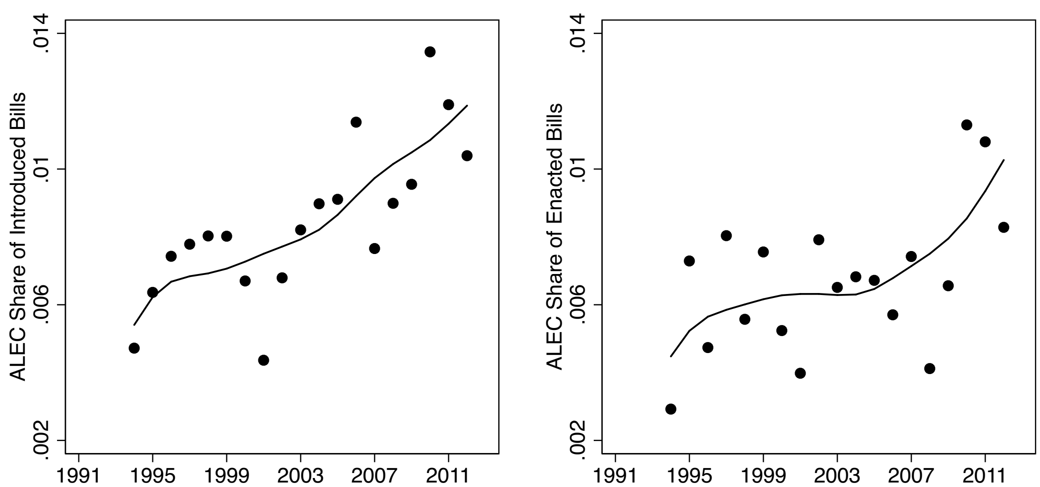
Using all of these textual “features”, I estimated which bills contained identical – or near identical – language to ALEC model bills. The end product was a database of 13,343 introduced or enacted pieces of state legislation that the matching algorithm had deemed sufficiently close to ALEC model bills. For each of these matches, I gathered the state in which the legislative text was either introduced or enacted, the bill number, and the name of the original ALEC model to which a bill or resolution was matched. In Table 2.2, I show examples of two state bills that were successfully matched to ALEC models, indicating passages that were taken verbatim, or near verbatim, from ALEC-drafted language.

Table 2.2: Examples of Matched ALEC Bill Use

Bill	ALEC Text	Bill Text
2011 Wisconsin AB 110 “Special Needs Scholarship Act”	(A) A resident school district shall annually notify the parents of a student with special needs of the Special Needs Scholarship Program and offer that student's parent an opportunity to enroll the student in a participating school of their choice. Section 6. [Accountability Standards for Participating Schools] (A) Administrative Accountability Standards. To ensure that students are treated fairly and kept safe, all participating, private schools shall: (1) Comply with all health and safety laws or codes that apply to private schools; (2) Hold a valid occupancy permit if required by their municipality; (3) Certify that they comply with the nondiscrimination policies set forth in 42 U.S.C 1981 . . .	Annually, each school board shall notify the parents of each child with a disability enrolled in the school district of the program under this section. (4) Private school duties. Each private school participating in the program under this section shall do all of the following: a) Comply with all health and safety laws or codes that apply to private schools. (b) Hold a valid occupancy permit, if required by the municipality in which the school is located. c) Annually certify to the department that it complies with 42 U.S.C 2000
2013 Arizona SB 1348 “"Prohibition on Paid Union Activity (Release Time) by Public Employees Act”	Section 2-A A public employer shall not enter into any employment bargain with any public employee or union to compensate any public employee or third party for union activities. Any employment bargain that includes compensation to public employees or third parties for union activities is declared to be against the public policy of this state and is void.	Section 23-1422-A A public employer shall not enter into any employment bargain with any public employee or union to compensate any public employee or third party for union activities. Any employment bargain that includes compensation to public employees or third parties for union activities is declared to be against the public policy of this state and is void.

What did the text analysis reveal? One question is how ALEC bills have spread across the states over time. Figure 2.1 addresses this question, plotting out the share of all introduced bills (left hand side plot) and all enacted bills (right hand side plot) from the 1990s to 2013. I have overlaid the points with a smoothed regression line to indicate trends over time. There are several insights we can gather from the two panels. First, state legislators are generally introducing and enacting more ALEC-derived legislation over time. In 1995, legislators relied on ALEC models for about 0.5% of all introduced bills; this reached a peak of 1.3% in 2010. Enacted ALEC-derived bills are generally more stable throughout the 1990s, but exhibit a sharp increase in the mid-2000s, reaching a peak of 1.1% of bills in 2010. A second suggestive pattern we can glean from this figure is a decline in both introduction and enactments of ALEC-derived bills since 2011, consistent with the public backlash that ALEC has experienced in recent years.

Figure 2.1: Introduced and Enacted ALEC Bill Shares Over Time

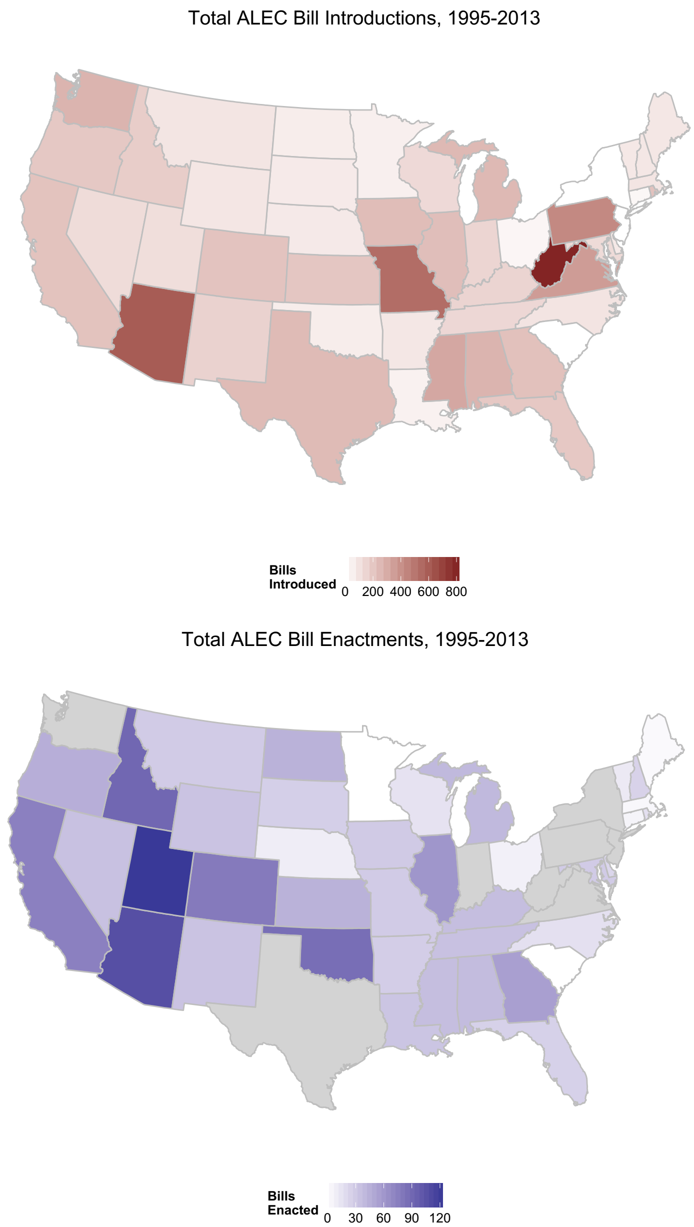


Notes: Lines indicate lowess-smoothed regression lines.

Another important question is how ALEC bill reliance varies across the states. My data suggests that there are a number of states that have persistently relied on ALEC for legislation from 1995 to 2013. Figure 2.2 plots this variation, separating bill introductions from enactments.

As the maps indicate, West Virginia, Arizona, Missouri, and Pennsylvania introduced the greatest number of bills that were derived from ALEC proposals, while Connecticut, Ohio, Minnesota, North Dakota, and Oklahoma introduced the fewest number of bills based on ALEC policy models. Turning to bill enactments, we see that Utah, Arizona, Idaho, and Oklahoma enacted the most number of bills drawing from ALEC models, while states like Maine, Massachusetts, Nebraska, and Connecticut enacted the fewest number of ALEC-derived bills.

Figure 2.2: ALEC Bill Introductions and Enactments by State, 1995-2013



Of course, part of these differences across states might be due to the fact that some states simply consider and enact more bills each year as opposed to other states. To account for these underlying differences in legislative productivity, it is useful to consider ALEC-derived bill introductions and enactments as a share of all bills introduced and enacted by states each year. Examining this measure, we see that Kansas, Arizona, Missouri, Wyoming and West Virginia had the highest proportion of introduced bills that were derived from ALEC models, while Connecticut, Massachusetts, Louisiana, and Minnesota had the lowest introduction rates. Oklahoma, Kansas, Alaska, Wisconsin, and Arizona had the highest enactment rates, while Maine, Massachusetts, Connecticut, and Rhode Island had the lowest enactment rates.

A third interesting dimension of variation is by policy domain. These counts appear in Table 2.3. The vast majority of ALEC-derived bills (nearly half) were concentrated in just two policy domains: education and health care, followed by a distant third and fourth place for agriculture, energy, and the environment, and budget and tax policy. The heavy reliance on ALEC models from these domains likely reflects the fact that education and health care policies dominate state budgets. For instance, in fiscal year 2012, states spent 25 percent of their budgets on K-12 education, 16 percent on Medicaid (state health insurance for the poor), and 13 percent on higher education (Center on Budget and Policy Priorities 2014). The bill activity in these domains thus demonstrates the sort of policy feedback effects I described earlier: given that education and health policy dominates the landscape of existing state policy, ALEC is responding first and foremost to those issues.

Table 2.3: ALEC Bill Introductions and Enactments by Policy Domain, 1995-2013

Policy Domain	Introductions	Enactments
Health Care	2,839	427
Education	2,065	414
Agriculture, Energy, and the Environment	734	167
Finance	229	72
Government Reform	686	71
Budget and Taxes	710	66
Criminal Justice	557	64
Civil Justice	679	58
Foreign Policy	88	52
Transportation	252	42
Social Welfare and Benefits	245	39
Guns	322	30
General Regulation	393	26
Housing	152	25
Labor Unions	373	15
Voting and Elections	46	5

How ALEC Bills Reshape the State Political and Economic Landscape

Having established patterns of ALEC reliance across the states, and how that reliance has changed over time, I next turn to investigating whether the enactment of ALEC bills has substantive effects on state political and economic outcomes. My primary focus is on the contribution of ALEC's bills to the sharp rise in income inequality across the states. While other work has produced persuasive evidence that the power resources of the left and labor have shaped trends in inequality over time and across the states, none of this work has been able to identify the independent contribution of business mobilization to rising income inequality (e.g. Kelly and Witko 2012). The text analysis of ALEC's influence in state legislatures, however, permits me to add that variable into an analysis that includes both the power of labor *and* of business.

Why might ALEC-derived legislation lead to higher levels of inequality? I hypothesize that ALEC's bills will lead to greater concentration of economic resources at the top of the income distribution through both direct and indirect mechanisms. ALEC measures that cut taxes, especially on the wealthy or on businesses, ought to increase inequality directly across the states, just as measures at the national level have done (Volscho and Kelly 2012; Piketty et al. 2014). Similarly, ALEC proposals to lower the minimum wage or cut transfer benefits to the poor also ought to increase inequality, though at the lower end of the distribution. Aside from these effects, I hypothesize that ALEC model bills will increase inequality through more indirect pathways. For instance, ALEC measures that make it more challenging for labor unions to organize or participate in politics ought to increase wage inequality as fewer workers reap the wage benefits of collective bargaining, and will also weaken an important political actor that can push for measures to increase redistribution and wage equality over the long run (Western and Rosenfeld 2011; Rueda and Pontusson 2000).

I examine the effect of ALEC bill enactments in a given year on two measures of inequality: the share of state income captured by the top 10 percent and top 1 percent in a state (data from Frank 2014). Of course, there might be a range of alternative explanations that could account for ALEC's strength in a state *and* levels of inequality; as a result I thus control for a number of these potential confounders. *Partisan control of government* might shape states' propensities to pass ALEC bills and redistribute resources, so I code the number of veto points controlled by Democrats (ranging from zero to three, counting the governorship and control of the two legislative chambers) each year. Similarly states with stronger *union density* might be less likely to pass ALEC bills and more likely to reduce inequality. Apart from these substantive factors, I also include state and year fixed effects, which will capture any other state-specific but time invariant characteristics – like state political culture – or time-varying national changes, like the condition of the national economy or activities of the federal government, affecting all states equally. Lastly, I include a lagged dependent variable in my models, which accounts for the fact that levels of inequality in a state in any given year are strongly related to the levels of inequality in the previous year.

Table 2.4 presents the substantive results from this analysis (see the appendix to this chapter for full regression results). ALEC bills had no effect on the top 1 percent's share of income, but did have a strong effect on the top 10%'s share of income. Increasing a state's reliance on ALEC bills from 0% to 2% (a move to the 90th percentile of the distribution of ALEC bills) is predicted to increase the top 10 percent's share of income by 0.4 percentage points over the long run – about 11% of a standard deviation. To put that effect in context, it would correspond to about the same increase in inequality associated with a three-percentage point decline in state union density. Another way of thinking about ALEC's effect on inequality is that it is about the same size as the average difference in inequality between Massachusetts and Texas over the period I am studying. These results suggest that ALEC model bills indeed shift the distribution of resources in a state away from the bottom and middle of the income distribution and toward the top, though not the very top. The average top 10% had to take home nearly $118,000 in income to qualify for that category (the cutoff for the top 1% was substantially higher at just under $400,000).

Table 2.4: The Effect of ALEC Bill Reliance on State Inequality

	Long-Run Effect on Top 1% Share of Income	Long-Run Effect on Top 10% Share of Income
Move from 0% to 2% Reliance on ALEC Bills	No discernible effect	+ 0.4 percentage points [0.1, 0.7]

Notes: Estimates from OLS regression that includes state partisan control, union density, state and year fixed effects, and a lagged dependent variable. See text and appendix for more detail. Brackets indicate 95% confidence intervals.

Can we be sure that the ALEC effect I identified in Table 2.4 represents the effect of the bills themselves – and not necessarily the fact that more conservative, business-friendly states are simply more likely to have higher levels of inequality? The fact that I am looking at variation in inequality within states over time surely helps here, as it means that I am not comparing states like Massachusetts with Mississippi with one another. But perhaps merely the presence of ALEC legislation being debated in a state legislature is a sign of how business-friendly a state is at any particular point in time. As an empirical check, I can see whether inequality increases in states that rely on ALEC for a greater proportion of their *introduced* bills. Finding a relationship between *introduced* ALEC model bills and changes in state inequality would be a red flag, suggesting that my finding represents something other than the actual policy effects of ALEC legislation. Fortunately, I find no such correlation between introduced ALEC bills and state inequality, reported in the appendix.

Testing the Mechanisms for Rising Inequality: Weaker Unions and Flatter Taxes

Above, I hypothesized that one of the main mechanisms driving the relationship between ALEC bill reliance and higher levels of state inequality might be weaker unions, which could increase inequality directly by removing an institution compressing the wage distribution in the labor force, and indirectly, by weakening a political actor lobbying for policies that could reduce market inequality. Do we see evidence for either of these effects?

To test this relationship, I repeat the analysis I performed earlier, this time replacing my measure of all ALEC bill enactments with only legislation related to public sector labor union policy. Although ALEC has strongly opposed unions in both the private and public sectors, it has directed particularly intense efforts to defeating public sector labor unions, as we saw in the previous chapter. We will return to ALEC's campaign against public sector labor unions – and how ALEC benefits from efforts of other conservative state-based policy networks – in a later chapter, but for now I turn to the *effect* of ALEC bills on public sector labor unions.

In all, I counted twelve enactments of ALEC-drafted bills attacking the public labor union movement between 1995 and 2012. As with the broader dataset, this list should be considered as a conservative estimate of the reach of business-backed bills; it only includes instances where state legislators blatantly reused ALEC's policy language. Thus to the extent that I am excluding these other instances where state legislators drew from business-backed proposals to pass labor reform legislation, I should be biasing my analysis *against* finding a result of the passage of business bills on public sector union strength.

These bills mostly follow one of two approaches: one group of bills reforms dues collection practices, and the other group changes the requirements for contracting out public services to private firms. Both take aim at public sector unions, though in different ways. The first set of bills – often labeled as "Paycheck Protection" measures – is intended to restrict union dues from being collected through automatic payroll deductions, as is common practice, unless workers sign a form authorizing such collection each year. These bills also require unions to seek permission from each worker before they can use workers' dues for political purposes (see Lafer 2013 for a critical history of such measures). These measures should weaken public sector unions by making it more challenging to collect funds necessary to support the union, and also by making it more difficult for unions to participate in the political process.

The second group of bills relates to state contracting practices. An important mechanism through which both public and private sector unions have maintained their strength is by introducing requirements that state governments only contract out services to unionized firms.[47] Such provisions both raise the cost of contracting, making it less likely that state governments will delegate services to the private sector in the first place, and also ensure that if states do privatize their activities that business will flow to unionized firms. Given the importance of such provisions for the strength of the labor movement, ALEC has made contracting requirements a target for legislative action (see e.g. ALEC 1996d). I expect that the repeal of contracting requirements will make it more likely that states will privatize services, weakening public sector unions as state workers perform fewer of the functions of government.

What effect did these bills have on the strength of public sector labor unions in the states? Figure 2.3 presents an initial look at the consequences of ALEC model bills, plotting public sector union density in each state and year from 1996 to 2012 for states that enacted bills targeting public unions and those that did not.[48] Once a state enacts a business-backed labor reform bill, it moves from the left to the right side of the graph. We can see that on average, states that enacted business-backed labor bills had much lower levels of public union membership compared to the states that did not; according to this plot, business-backed bills lower public sector union density by about 15 percentage points.

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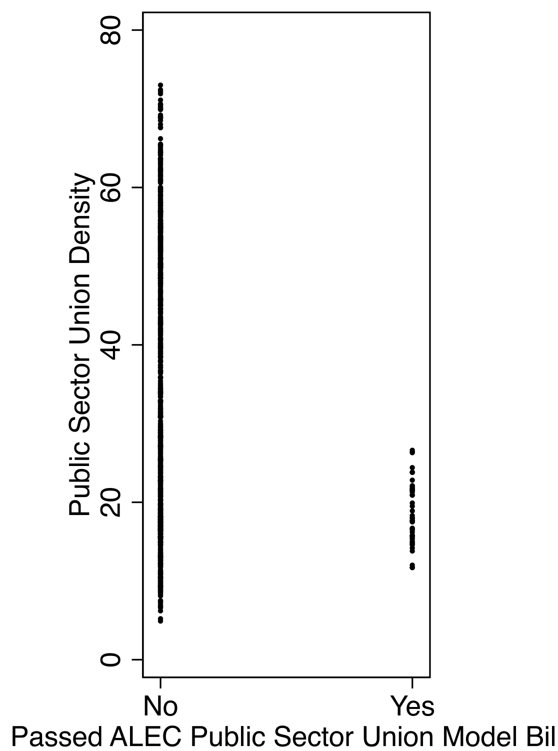
[47] On the history of the practice of leveraging government contracts for social change, see e.g. Miller 1955.

[48] Public sector union density from UnionStats.

Of course, aside from the enactment of ALEC model bills, changes in public sector collective bargaining law might also be caused by other state characteristics (like partisan control of state government), which are themselves determinants of whether legislators turned to ALEC model bills in the first place. Thus, we must account for these explanations of both business bill activity and public sector union law. In addition, a better strategy for estimating the effect of business bills on public sector union density is to look at changes at union density within states, rather than across states, to avoid mistakenly attributing fundamental state characteristics (such as public attitudes towards unions) to the effect of business-backed labor bills.

Figure 2.3: Public Sector Union Density in States That Have Passed Business-Backed Labor Reform Bills, 1996-2012



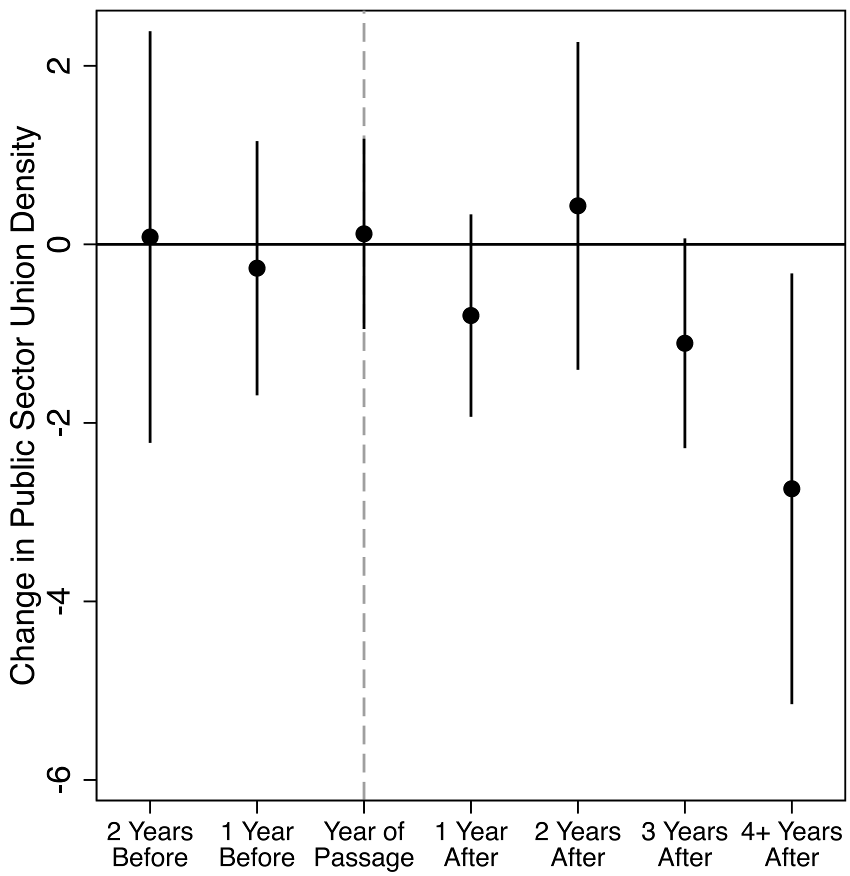
Note: Figure shows public sector union density in states that have and have not passed ALEC model bills related to labor policy.

I account for three possible confounding explanations, in addition to examining variation within states: existing private sector union strength, partisan control of the governorship, and partisan control of the legislature. Private sector unions were important supporters of efforts to organize the public sector in the 1960s and 1970s (Lichtenstein 2002; Walker 2014), and there is evidence that contemporary public sector union density is highest where there has been a historically strong private sector labor movement (Ahlquist 2012). Moreover, given that unions are one of the main opponents of ALEC, we might expect that where unions were stronger, state governments would be less likely to enact business-backed bills. The partisan color of state government may matter, too, since public sector union strength rests on support from state lawmakers, and Republican-controlled governments may also be more likely to enact business-backed ALEC bills.

There is another concern with drawing conclusions from Figure 2.3 related to timing that I must address as well. Specifically, there are good reasons to expect that the effect of legislation dismantling public sector labor union rights will not be instantaneous, but rather will occur over time. For instance, we might expect that more onerous dues collections procedures would only dampen union finances over the course of several years as members face greater obstacles to making their contributions with each paycheck. Therefore, we must examine the effect of the passage of business-backed bills on public sector union membership not just immediately, but also over time. Accordingly, I assess the strength of the relationship between the enactment of business-backed legislation on labor unions and public sector union membership in the same year as the passage of a given bill, and also over the ensuing years after passage. As an additional check, I examine the effect of business-backed labor bills one and two years *before* the passage of bills as well, as legislation should have no effect on public sector union density before it was actually passed; finding such an effect would indicate that the relationship between the passage of ALEC bills and public sector union density might well be spurious.

I present the results of this analysis graphically in Figure 2.4, showing the effect of ALEC model bills attacking public sector labor unions both *before* and *after* passage of those bills, net of any fixed state characteristics, like union or political culture, and year effects, like national economic conditions, as well as partisan control of government and private sector union density. The dots indicate the estimated effect of the passage of ALEC model bills relating to public sector unions in each year, and the lines above and below the dots indicate standard measures of statistical uncertainty (95% confidence intervals).

Figure 2.4: The Estimated Effect of ALEC Labor Reform Bills on Public Sector Union Density Over Time



Notes: Figure shows the estimated effect of ALEC-backed labor reform bills on public sector union density in the years before and after passage of those reform bills, based on a regression model with state controls (partisan control of government, measured with Democratic control of state veto points, and private sector union membership), state fixed effects, year fixed effects, and dummy variables indicating the corresponding leads and lags of bill enactment. The reference group is three or more years before the passage of labor reform legislation. Black lines indicate 95% confidence intervals.

We can see that the passage of ALEC model bills has no effect on public sector union density *before* those ALEC bills pass a state legislature – a reassuring result indicating that the correlation is not necessarily spurious. Moreover, the estimated effect of labor reform legislation in the year of passage and one to two years after the passage of legislation is negative, though statistically indistinguishable from zero. ALEC model bills do not have strong immediate effects on public sector unions. The effect in the third year after the passage of legislation, however, is larger and more precisely estimated, indicating that business-backed labor reform lowers public sector union density by about one percentage point. That effect grows to three percentage points in the fourth and subsequent years after the passage of labor reform legislation, corresponding to an annual decline equivalent to about 16% of a standard deviation of public sector union density. To put that estimate in context, a three-percentage point annual decline is about the same difference as the gap in public sector union density between Maryland (31%) and Alabama (28%). ALEC model bills intended to demobilize the public sector labor movement have clearly succeeded at doing just that, and as a result, may be contributing to rising economic inequality across the states.

A second mechanism through which I hypothesized ALEC bills would increase inequality was by changing state tax codes to benefit wealthy individuals and business. To test this pathway, I focused on the 50 ALEC bills relating to tax policy that states have passed over the 1990s and 2000s. Unfortunately unlike data on state inequality or public sector union density, comprehensive annual data on state tax systems is harder to come by. The best data has been collected by the Tax Policy Center, which since 2000 has published annual reports listing the top and bottom income tax rates and the number of brackets in each state.[49] Together, these three components of a state's income tax code provide an important indication of the overall progressivity of income tax systems. States with higher top income rates, lower bottom income rates, and a greater number of brackets will collect relatively more revenue from richer taxpayers than from poorer taxpayers. If the inequality-increasing effects of ALEC are operating through the tax code, then we should observe that the passage of more ALEC model bills related to tax policy would reduce the top income tax rate, raise the bottom rate, and reduce the number of brackets.

Table 2.5: The Effect of ALEC Bill Reliance on State Income Tax Codes

	Effect on Top Income Tax Rate	Effect on Bottom Income Tax Rate	Effect on Number of Tax Brackets
Move from 0% to 0.2% Reliance on ALEC Tax Bills	No discernible effect	No discernible effect	- 0.62 brackets [-1.2, -.04]

Notes: Estimates come from OLS regression that includes state partisan control, union density, and state and year fixed effects. See text and appendix for more detail. Brackets indicate 95% confidence intervals. Analysis only includes states with an income tax.

As before, I include state and year fixed effects, as well as partisan control of state government and union density. The results of the tax system analysis appear in Table 2.5, and indicate that ALEC tax bills do not have a statistically discernible effect on either the top or bottom income tax rates over this period, but do have a strong effect on the number of tax brackets within state income tax codes. Moving from the zero to the 95th percentile of ALEC tax bill reliance is predicted to reduce the number of tax brackets a state has by nearly one bracket.[50]

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[49] See http://www.taxpolicycenter.org/taxfacts/displayafact.cfm?Docid=406.

[50] Estimating my results differently by replacing the share of state legislation enacted from ALEC tax policy models with the number of ALEC tax proposals a state enacts, I find that the

That change is relatively significant, given that the typical state income tax code over this period had five brackets.

The finding that ALEC bills produce a flatter income tax system with fewer brackets makes sense, as this has been a key goal for the organization over the years. In a 2002 publication on the "fiscal crisis" facing the states, ALEC-affiliated scholars called for states to introduce a "flat tax," or a "a tax system based on a simple low-rate flat tax," and criticized states that used "so-called 'progressive' tax regimes, which punish those who add more wealth to an economy" (ALEC 2002b, 53). ALEC's task force on tax and fiscal policy has accordingly drafted model tax legislation that moves personal and corporate income taxes in the direction of a flatter structure with fewer brackets and promoted those bills since at least the early 1990s (ALEC 1995b). ALEC, moreover, rates states with flatter taxes and fewer brackets more highly in its annual ranking of state economic climate (e.g. Laffer and Moore 2007).

When Do States Introduce and Adopt ALEC Model Bills?

The results from my analysis of tax and union policy suggest that ALEC's model bills have significant consequences for the American political economy. But what leads states – and individual state lawmakers – to turn to ALEC in the first place?

In the following section, I advance and test one of the core arguments of this manuscript, which is that ALEC has exploited the low policy capacity of state legislatures to promote its model bills. State governments vary dramatically in the level of resources offered to elected officials to make policy – what is often described as "legislative professionalism" (Squire 2007). In recent years, for instance, 16 states had legislators that only spent about half of their time

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passage of one ALEC tax bill is predicted to reduce the number of brackets in a state tax code by about 0.55.

working in the legislature, and were paid barely $20,000 per year. Moreover, 18 states only gave their legislators three or fewer full-time staffers, and, quite strikingly, nine states gave their members two or fewer full-time aides, on average.[51] In the absence of groups offering similar benefits as ALEC, as I argued in the introduction, weak state policy capacity ought to increase legislators' demands for ALEC's services. This theory is consistent with the argument that lobbying is not necessarily about changing the preferences of legislators, but rather subsidizing their activities with expertise, research assistance, and political advice (Hall and Deardorff 2006; see also Drutman 2015 on Congress).

To test this theory, I created an annual measure of legislative professionalism based on a standardized index of the time spent by legislators in session each year, legislator salaries (if offered by states), and spending on the legislature using data from the Council of State Governments' Book of the States.[52] I scale this index so that it ranges from zero to one. Over the period that I am studying (mid-1990s to 2013), Wyoming had the lowest levels of legislative professionalism while California had the highest levels of policy capacity on this metric. Apart from policy capacity, I also consider a range of alternative theories for ALEC model bill reliance across the states. These include:

Power Resources and Legislative Ideology: The traditional power resources account views politics as a struggle between different economic classes. Consistent with this perspective, there are a number of robust correlations between union density, left party control of

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[51] See the National Conference of State Legislatures: http://www.ncsl.org/research/about-state-legislatures/full-and-part-time-legislatures.aspx and http://www.ncsl.org/research/about-state-legislatures/staff-change-chart-1979-1988-1996-2003-2009.aspx.

[52] This measure is correlated with Squire's index of legislative professionalism at 0.90 for the years in which Squire's year overlaps with my own measure.

government, inequality, redistribution, and social policy generosity across American states (Kelly and Witko 2012) and the advanced economies (Bradley et al. 2003). Writing in a similar vein, Jacob Hacker and Paul Pierson relate the rise in business power in the United States during the post-war era to the decline in countervailing union power (Hacker and Pierson 2010a). I measure several different aspects of power resource theory, including the power of organized labor (using state union density data from UnionStats), the interest group most likely to check the power of business, and partisan control of state governments (using data from Klarner 2016). I anticipate that ALEC will be more successful in states with weaker labor unions and Republican-controlled state governments. I operationalize partisanship with a count of Democratic control of state veto points, ranging from zero to three.

Economic Conditions: Past research on the political influence of business interests has suggested that economic conditions shape the ability of business to intervene in the policymaking process. Early work on the structural "privileged" position of business suggested that since politicians are electorally motivated to maintain a healthy economy (Block 1977; Mitchell et al. 1997; Lindblom 1977), and since businesses are key to employment and economic growth, managers should have the most sway over the policymaking process during periods of slow growth or economic downturns (see also the review in Smith 1999). According to this argument, ALEC should be most effective in poor economies, which I operationalize with state unemployment rates from the Bureau of Labor Statistics.

Campaign Contributions: Corporate-affiliated contributions dominate donations from unions by nearly three to one in federal PAC spending.[53] Yet as we saw in the introduction,

[53] See https://www.opensecrets.org/overview/blio.php.

despite the preponderance of corporate money in national and state campaigns, scholars have struggled to identify a clear effect of corporate giving on policy outcomes. To the extent that contributions do in fact reflect a mechanism for organized interest group influence, we should observe that states where business dominates political giving are more likely to introduce and pass ALEC-derived bills. I measure the relative importance of corporate campaign contributions in a state by computing the ratio of total contributions from business associations to candidates for state legislatures to total contributions from labor unions to such candidates (data from the Institute on Money in State Politics). Because this variable is very strongly related to union membership within states – relative corporate contributions are higher in states with weaker unions – I do not enter these variables in the same models.

News Media: In chapter 1, we saw that a crucial strategy of ALEC has been its relatively low profile and lack of public attention; such low salience has prevented backlash from the public and progressive adversaries who might otherwise draw attention to the transactional nature of the model bills that ALEC promotes. These strategies fit well with prior work on business power, which has emphasized the advantages that businesses have when they operate in domains of low salience with little media coverage (Culpepper 2010; Layzer 2012). To test salience-related theories of business power, I include a measure of the strength of the news media sector in each state and year: the share of workers employed as reporters or editors at news outlets using data from the Current Population Survey. Although crude, this measure has the advantage of being readily available and comparable for all of the years and states in my sample, which is not true of other measures, such as circulation statistics.

Venue Shopping: Lastly, I examine the interplay between federal and state politics by considering theories of forum or venue "shopping". Given a high degree of decentralization and fragmentation in American politics, the policymaking authority for any given issue often can fall to different institutions. As a result, Frank Baumgartner and Bryan Jones have argued that interest groups will seek out the institutional setting that will be most likely to give the group a favorable hearing (Baumgartner and Jones 1993). The implication of this theory for my analysis is that businesses associated with ALEC will be more active at the state level during periods when the federal government is less amenable to conservative business interests (i.e., the federal government is controlled by Democrats). To account for this explanation, I include a variable indicating the number of veto points in national government controlled by Democrats in a particular year, ranging from zero to three. Table 2.6 summarizes each of these hypotheses and corresponding variables I will use to operationalize those predictions.

Table 2.6: Hypotheses for ALEC Bill Reliance

Explanatory Factor	Hypothesized Relationship	Variable
Policy capacity	Weaker policy capacity will increase legislative reliance on ALEC model bills	Legislative professionalism
Power resources	Weaker labor unions and Republican-controlled governments will increase legislative reliance on ALEC model bills	Labor union density Partisan control of government
Economic conditions	Poorer economic conditions will increase legislative reliance on ALEC model bills	State unemployment rate
Campaign contributions	Greater levels of business contributions will increase legislative reliance on ALEC	Ratio of business to labor campaign contributions
News media salience	Lower levels of news media coverage will increase state reliance on ALEC model bills	Newspaper reporters and editors per capita
Venue shopping	Democratic control of national government will increase state reliance on ALEC model bills	Partisan control of national government

From a methodological perspective, I take advantage of the fact that my data extend for nearly two decades for many states to analyze variation in ALEC model bill introductions and enactments *within states over time*. By adding state fixed effects I am able to net out any fixed characteristics of states that might also determine ALEC bill reliance. Similarly, by adding year fixed effects I can net out any common shocks to all states each year that might increase state reliance on ALEC bills.[54] Table 2.7 summarizes the effects of each of the explanatory factors on ALEC bill introductions (first column) and enactments (second column). The outcomes for this analysis are the number of ALEC models either introduced or enacted, though I find identical results using model bill introductions and enactments as a share of all bill activity in a state.

Table 2.7: The Determinants of ALEC Bill Reliance Across the States, 1995-2013

Variable	Outcome is ALEC Model Bill Introductions	Outcome is ALEC Model Bill Enactments
Legislative Professionalism (*Minimum to Maximum*)	- 14 model bill introductions [-26, -2]	- 4 model bill enactments [-8, -0.5]
Union Membership (*Minimum to Maximum*)	No discernible effect	No discernible effect
Partisan Control (*Full Republican to Full Democratic*)	No discernible effect	No discernible effect
Unemployment Rate (*Lowest to Highest*)	No discernible effect	No discernible effect
News Media Strength (*Lowest to Highest*)	No discernible effect	No discernible effect

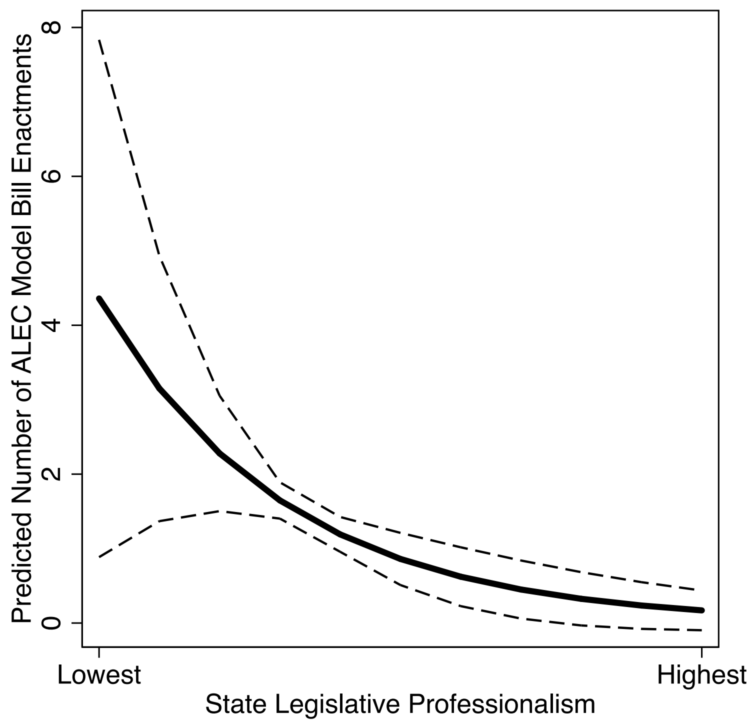
Notes: Results from negative binomial regressions; see appendix for full results. Models also include state and year fixed effects. 95% confidence intervals below estimates.

Across both ALEC bill introductions and enactments, the only reliable correlate of ALEC bill activity is legislative professionalism, my measure of the policy resources available to state lawmakers. Moving from the lowest to the highest level of legislative professionalism (about a

[54] I exclude these year effects in the models where I also include Democratic control of national government, as the year fixed effects encompass this variable.

move from Wyoming to California) is predicted to reduce the number of model bills a state introduces by 14 and to reduce the number of model bills lawmakers ultimately enact by four. These are relatively large effects considering that the typical state in my sample introduced about nine model bills and enacted about two. Figure 2.5 summarizes the relationship between legislative professionalism and ALEC model bill enactments graphically, showing how the predicted number of bill enactments falls sharply as states gain higher levels of policy resources with which to craft legislation.

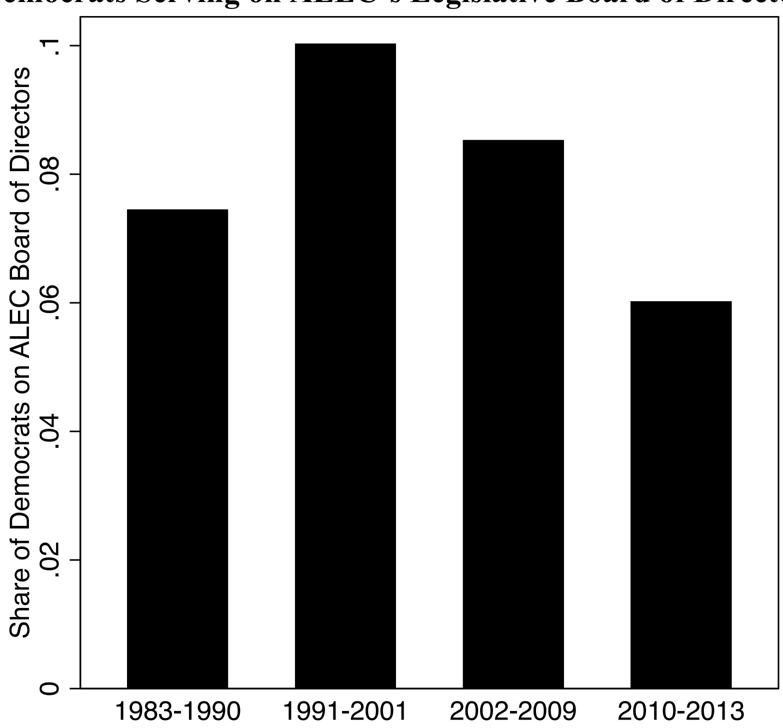
Figure 2.5: Legislative Professionalism and ALEC Bill Enactments



Notes: Figure shows the predicted number of ALEC model bill enactments from 1995 to 2013 at varying levels of state legislative professionalism (see appendix for full regression results). Dashed lines indicate 95% confidence intervals.

Some readers might be surprised to see that there is no clear effect of partisan control of state government on ALEC bill introductions and enactments. Should we be skeptical of the fact that Democrats, on average, appear to author and enact just as many ALEC model bills as Republicans over the period I am studying? In thinking about this question it is useful to remember that as it was rapidly expanding across the states in the late 1980s and early 1990s, ALEC's leaders marketed the organization as a bipartisan effort. Recall from the previous chapter, for instance, that ALEC's head in the late 1980s tried very hard to recruit Democrats as well as Republicans to serve in leadership positions in order to keep the group from being perceived as merely an appendage of the GOP or the conservative movement. Looking at the partisanship of ALEC's legislative board of directors over time, we can see this pattern quite clearly. Figure 2.6 plots the share of board of director slots occupied by Democratic lawmakers over time, and indicates that from 1983-1990, only about 7%, on average, of board positions were held by Democrats, a share that grew to 10% from 1991 to 2001 (reaching a peak of 15% in 1995), and then subsequently falling to an average of 9% from 2002 to 2009, and then 6% in very recent years (including a low year of no Democratic board members in 2011).

Figure 2.6: Democrats Serving on ALEC's Legislative Board of Directors, 1983-2013

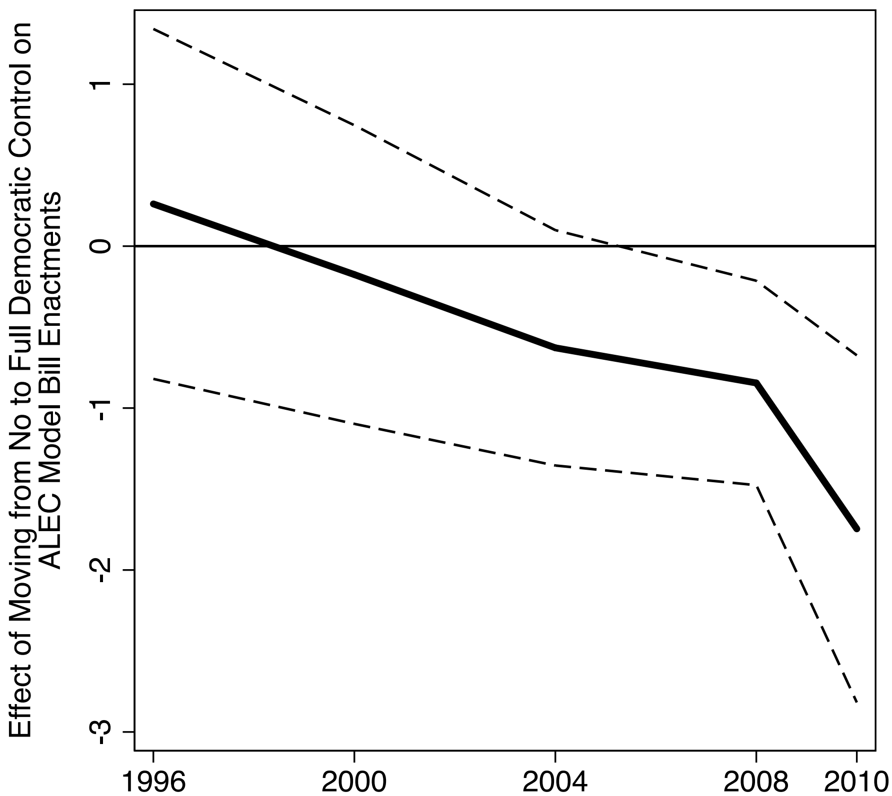


Notes: Data from various ALEC reports, tax filings.

Although ALEC was making a concerted effort to attract Democrats in the late 1980s through the early 1990s, its efforts would stall in later years for several reasons. Most obviously, the group became strongly associated with conservatives and businesses after it began to be attacked by progressive activists from 2010 onward. But, even before its very recent crisis, ALEC was experiencing the effects of the broader partisan polarization occurring throughout American politics during this time period. ALEC used to be able to maintain its bipartisan sheen by recruiting conservative Southern Democrats. In 1993 and 1995, the years when ALEC had most success in reaching across the partisan aisle, about 12% of its state chairs – the local leaders ALEC relied upon for recruitment and model bill dissemination – were Democrats. Of those Democrats, nearly three-fourths (11 out of 15 members) came from the South. As time progressed, however, Dixie Democrats were either booted from the party, or switched over to the GOP (e.g. McCarty et al. 2006). Lacking Dixiecrats like longtime ALEC leaders David Halbrook from Mississippi, William Presnal from Texas, or Bobby Hogue from Arkansas, the organization became more strongly associated with the GOP, and especially the more conservative lawmakers from that party.

Given this partisan and ideological shift, it makes sense that especially in the 1990s, the group would not yet be so strongly identified with the Republican Party. But this finding also implies that the effect of partisanship on ALEC model bill reliance should have grown over time, as ALEC became more intertwined with the GOP. We can test this theory by allowing the effect of partisanship to vary by year. Doing so, I find that the effect of partisan control of government on ALEC bill enactments – but not introductions – does vary dramatically over time. Figure 2.7 summarizes the overall trend, showing that in 1996 there was no discernible effect of Democratic control on ALEC model bill enactments. As the years progress, however, the effect of moving from no to full Democratic control of government becomes much larger. By 2008, full Democratic control of the legislature and the governorship is predicted to reduce the number of ALEC model bills a state turns into law by nearly one bill (the average number of bills states enacted in that year). In 2010, there was an even sharper increase in the relevance of Democratic control, indicating the effects of the crisis that ALEC faced and how it aligned the group with the GOP even more than in previous years. Partisanship thus matters greatly for ALEC model bill enactments – but clearly much more so in recent years.

Figure 2.7: The Relationship Between Partisan Control and ALEC Bill Enactments Over Time



Notes: Figure shows the effect of moving from no to full Democratic control of state government on ALEC model bill enactments, based on model described in text. See appendix for full results. Dashed lines indicate 95% confidence intervals.

None of the other explanatory factors could predict ALEC model bill introductions or enactments across the states. Lawmakers were no more likely to author or enact model bills during periods when states had weaker unions, smaller media sectors, and higher unemployment. In a similar vein, although lawmakers were marginally more likely to turn to ALEC bills during periods of Democratic control of national government, because there were only two years of full Democratic control in my sample (2009 and 2010), we should be hesitant in reading too much into this particular result. In any case, the substantive effects of this variable were not large – in periods of full Democratic control of government, states were predicted to pass about 0.3 more ALEC model bills compared to periods of full Republican control. Lastly, and perhaps surprisingly, states where business outspent labor unions in campaign funding were no more likely to introduce and enact model bills – in fact, states where businesses dominated labor contributions were substantially *less likely* to pass ALEC model bills than those states with relatively fewer business contributions. The same was true when considering the absolute volume of business contributions: states where business spent more on politics were *less* likely to enact ALEC bills. We will examine this puzzle of ALEC bill reliance and campaign contributions in more detail in the following chapter.

Tracing Business Power – and its Effects – Through Legislators' Own Words

In this chapter I have introduced a new way to tackle a very old problem in the study of business power and lobbying: how do we know that companies – or groups representing the political interests of business – actually shaped the content of public policy? In order to address the issues associated with discerning business preferences and influence, I turned to the model bills that ALEC has produced and disseminated over time, taking advantage of the fact that these documents were not originally intended for public distribution and offer very precise legislative language that the group's elected members are encouraged to use in their own states. Because these documents were originally intended for use within ALEC's membership, at least until recent years, I argued that we could take them as a better approximation of the first-order, rather than strategic, preferences of business. And since the model bills offer precise recommendations for state legislative language, we can systematically compare those documents to actual legislation introduced and enacted across the states to see where lawmakers borrowed relatively more or less from ALEC's ideas. These comparisons, I argued, offer a sort of a "smoking gun" test for business influence (Collier 2011), showing instances where it is clear that legislators would not have used particular legislative language were it not for ALEC's lobbying efforts.

Using new methods of text analysis, I was then able to map out introductions and enactments of ALEC bills across the states from 1995 to 2013. I showed the bills most likely to be copied from ALEC, which tended to be disproportionately about health care and education policy, the states that most often borrowed from model bill text, and how the overall patterns of ALEC bill reuse had changed. These descriptive statistics offered a wealth of information about the activities of this one organization over time and also provide a clear model for other scholars to use to study the influence of other political actors aside from ALEC. Though other groups might not have something equivalent to ALEC's model bills, researchers could still use documents associated with interest groups to see if lobbyists' ideas make their way into the language used by elected officials or other key policymakers.

Understanding precisely when and where organized interest groups are shaping the behavior of lawmakers is not only useful for researchers interested in testing theories of representation or influence. Tracing the role of organized interests, especially business, in affecting policy change is also critical for improving oversight of our elected officials. The text analysis I have presented here offers one way for informed citizens and watchdog groups to track the politicians who are blatantly copying their legislation from groups representing business interests. This information might well change the ways that voters decide to cast their ballots, especially in state legislative races where citizens may not have much other information about the activities of their elected representatives. Indeed, some of the ideas behind the text analysis I have presented in this chapter have already been deployed by data scientists working at the University of Chicago to produce an online tool for voters.

Having revealed ALEC's influence across the states in recent decades, I next assessed the effects of ALEC model bills, probing if these proposals shaped substantive social and economic outcomes. We saw that, consistent with the legislative goals and priorities of the group, ALEC bills weakened the labor movement, especially in the public sector, and flattened state tax codes. And overall, the passage of more ALEC bills also generated higher levels of inequality within states, contributing to gaps between the bottom 90% of state residents and the more fortunate top 10%. This analysis offers strong support to the notion that business political advocacy has played a critical role in increasing economic inequality, and shows two pathways by which that increase has occurred. Although other scholars have posited that business has played a role in exacerbating rising economic inequality in recent decades in the United States (e.g. Hacker and Pierson 2010a), we had yet to obtain concrete quantitative relationships between the passage of business-backed bills and changes in the distribution of economic resources over long periods of time. This chapter also provides an important contribution to the study of the American labor movement, showing how the passage of specific ALEC legislative proposals has directly contributed to declines in labor power across the states (Rosenfeld 2014; Farber 2005; Freeman and Han 2012).

In the last section of the chapter, I turned from examining the effects of ALEC bills to the determinants of state reliance on those bill proposals. Testing a range of potential explanations, I found that one of the best predictors of ALEC bill introductions and enactments was the amount of public resources states provided to lawmakers to craft legislation. Where lawmakers were paid less, had fewer staff members, and spent less time in session, they were more likely to introduce – and substantially more likely to enact – ALEC model bills. Partisan control of government mattered too, though only in recent years, in line with the changing ideological and partisan composition of ALEC in the 1990s and 2000s.

Given the importance of the policy resource argument from the quantitative cross-state analysis, I now turn to examining the theory in more detail in the following chapter, using evidence not just at the aggregate level across states, but also across individual lawmakers themselves, as well as from the historical record. We will also find an answer to the puzzle of why business campaign contributions – far from increasing legislative reliance on ALEC proposals – actually appear to be associated with fewer ALEC bill enactments, and in the process, learn about different varieties of business lobbying.

CHAPTER 3: WHY LEGISLATORS RELY ON CORPORATE-CONSERVATIVE IDEAS

"How many of our state or even national legislators have had any special training in the art of law-making? Even when they are lawyers by profession, they have, at best, been trained in what the law is, not in what it ought to be…Thus our State legislation which is prodigious in its mass, amounting easily in a single year to 16,000 enactments, is mainly the product of unskilled labor."

– Henry W. Farnam (1911), President of the American Association for Labor Legislation

"When you're walking through the door of the legislature, you just got elected, you're just hiring staff, you don't know how to take your ideas and turn them into policy, so if there is a cookie-cutter, pre-written option, it would be very appealing."

– Nebraska State Senator, Interview with Author (2014)

Imagine that you wake up tomorrow to find yourself elected to your state's legislature, facing the prospect of representing your constituents, overseeing the state's bureaucracy, researching policy, and writing and passing bills without previous experience doing any of those things. You would have a lot in common with Jim Fulghum, a neurosurgeon who was elected to the North Carolina legislature in 2012 without any prior work in state government. Reflecting on his first days in the Tar Heel state's lower chamber, Fulghum admitted that he had a lot to learn: "I'm not mechanically up to date on how to file a bill … I'll know within a month how much I don't know, but I know I don't know a lot" (quoted in Greenblatt 2013). As an inexperienced legislator, you – and Fulghum – would also have a lot in common with roughly half of the class of state lawmakers elected in the 2012 election cycle, who had just two years of legislative experience or less.

One place you might turn as a legislative novice is your staff, who may have been working during previous legislative sessions, and could help educate you both about the arcana of parliamentary procedure, and also about the substantive policy information you would need to craft legislation related to the wide range of pressing issues faced by the states. In a state like Pennsylvania, for instance, you would have access to year-round staffers who worked exclusively for you in both your capital and your district offices (Council of State Governments 2012). According to the most recent data from the National Conference of State Legislatures, there are 2,918 staffers for Pennsylvania lawmakers, or an average of about twelve permanent staffers per member. Many of these staffers are highly trained and well compensated – according to one state newspaper, there were more than 200 staffers making over $80,000 in 2011, mostly seasoned lawyers and policy experts (Scolforo 2011). Those dedicated personnel, then, could be an invaluable resource for you, especially at the earlier stages of your legislative career.

But not all states spend as much as Pennsylvania does on staff for their legislatures, and you would be hard-pressed to get assistance in a state like Alabama or Idaho, where you would only have access to shared staff members in your capital office, and no staff in your district. In Alabama, for example, legislators share an average of three staffers with their fellow members. If your staff is not an option, where else might you go for help thinking through policy proposals and designing legislation? As Gene Whisnant, the Oregon representative I introduced in the preface explained, one appealing option for harried and resource-strapped legislators is ALEC, given that the group provides precisely the policy capacity that many lawmakers – Whisnant included – lack.

We saw in the previous chapter that there was strong evidence for Whisnant's intuition across the states: those legislatures where lawmakers had the fewest resources available to them were most likely to introduce and enact ALEC derived bills throughout the 1990s and 2000s. In this chapter, I explore the relationship between policy capacity and reliance on ALEC in more detail, examining the conditions under which individual legislators turn to ALEC's model bills and ideas. I focus especially closely on comparing the policy capacity explanation with several alternative theories for legislators' use of ALEC bills and services: legislators' ideological orientations, their reliance on campaign contributions from business, their electoral vulnerability, the structural power of business in their local economies, and the preferences of their constituents.

While I do find support for the notion that more conservative and Republican legislators are more likely to turn to ALEC (with ideology mattering much more than partisanship), lawmakers' policy capacity continues to exert an independent effect on the probability that they will introduce ALEC measures as their own work. And consistent with the idea that ALEC operates outside of the electoral spectacle – which tends to receive the most attention in discussions of corporate influence – I find no evidence that legislators who received more campaign contributions from business were more likely to rely on ALEC ideas and resources; moreover, electoral vulnerability was only a weak predictor of ALEC reliance. In conjunction with the previous chapter, the evidence I present here solidifies the case that policy capacity lobbying is an effective and important mechanism for businesses to draft legislation across the states, and one that occurs independently of the traditional mechanisms for business influence described by scholars and so often decried by the public. To emphasize the independent effect of policy capacity is not to deny the role that ideology plays in shaping the appeal of ALEC to lawmakers, nor to deny the importance of campaign contributions for other forms of political access outside of ALEC. Rather, my aim in this chapter is to argue that policy capacity is an underappreciated form of influence for this particular organization across the states, and may shed light on the effectiveness of other business groups in other contexts.

ALEC's Appeal to Conservatives and Legislators with Low Policy Capacity

There are two important features of ALEC that I hypothesize will shape the incentives of state legislators to turn to the group when crafting laws. First, as we have seen in chapters 1 and 2, the organization provides a steady stream of highly conservative and business-friendly policy ideas each year. This ought to make the group an appealing resource for state legislators who share ALEC's ideological orientation towards conservative and pro-business policies. At the same time, the group offers a generous array of services to help legislators craft its preferred set of policies, effectively lowering the cost of passing its model bills relative to other, non-ALEC legislation. This ought to increase the group's appeal not only to conservative legislators, but also for lawmakers who would otherwise lack the resources and support offered by the group.

While conservatives ought to be especially likely to turn to ALEC, so too should legislators who are particularly strapped for legislative ideas, research assistance, and experience.

What are these services that ALEC offers, and why are they so appealing? At a basic level, ALEC provides legislators with a portfolio of policy ideas that it has developed, with the specific legislative language necessary to implement those proposals. These bills are disseminated through ALEC's publications and events each year. [55] All that is left for legislators is to introduce the model bills when they return to their home states. As former Wisconsin state legislator (and later governor) Tommy Thompson recalled fondly: "Myself, I always loved going to these [ALEC] meetings because I always found new ideas. Then I'd take them back to Wisconsin, disguise them a little bit, and declare that 'It's mine'" (quoted in Biewen 2002).

In addition to the ideas for legislation, ALEC provides expertise to state legislators. Legislators who have questions about a particular proposal can turn to the task forces that ALEC organizes or to ALEC's bill tracking and research services. One publication from the early 1990s crowed that ALEC responded to 100 to 200 research requests from state legislators each month, many times offering advice in a matter of hours (ALEC n.d. b.). ALEC, according to that publication, was becoming the "first" and "last" call for state legislators when researching policy. Aside from direct research assistance to lawmakers themselves, ALEC offers its members and staff as expert witnesses who can testify on behalf of its model bills (or against opposing bills) in legislative hearings.[56]

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[55] Interview with ALEC staffer, June 11, 2013.

[56] See for example the "State Testimony Highlights" in ALEC 2002.

ALEC also organizes multiple events each year that provide opportunities for members to learn about specific policy issues. For example, at the 2012 ALEC policy summit, the tax and fiscal policy task force held briefings on public pension and fiscal policy reform, and offered discussions with economists and representatives from a variety of policy groups and think tanks.[57] Newly elected members are offered special orientations at these summits, too (ALEC 2002).

Finally, ALEC makes its package of policy ideas and research especially appealing by offering it as part of a broader opportunity for state legislators to meet and network with other political leaders and representatives of major corporations. State legislators' expenses for these meetings are frequently paid for by the corporate members of ALEC through scholarship funds (Graves 2012). As further incentive for state legislators to attend ALEC events, elected officials are encouraged to bring their families; ALEC even offers subsidized childcare during the meetings and political training sessions for legislative spouses (ALEC 1989). As one corporate member of ALEC put it: "We do a nice job with special events. We just kind of take it on ourselves because I want things to be nice for these guys who make 24,000 dollars a year" (Quoted in Graves 2012, 14). Indeed, social events at these meetings included parties at MLB baseball games (sponsored by Time Warner), cigar parties (sponsored by Reynolds Tobacco), wine and cheese tastings (sponsored by liquor company Diageo), and gun shooting outings (sponsored by the National Rifle Association).[58] Figure 3.1 shows a flyer advertising ALEC's

[57] See for example the "2012 Tax and Fiscal Policy Task Force Meeting" schedule in Common Cause's leaked ALEC document archives.

[58] One could also think of these activities as fostering long-run relationship between ALEC (and its member corporations) and state legislators through long-run social investments; see, e.g. Hansen 1991; Snyder 1992 on the importance of these long-run relationships for interest groups.

1991 conference in Seattle, Washington, which places equal emphasis on the substantive policy discussions as the numerous social outings available to members at the legislative confab, including golf and tennis tournaments and clinics, skeet and trap shoot, and bicycle and boat tours of the region.

Figure 3.1: ALEC Places a High Premium on Social Events at Its Conferences

Special Events Registration

Name ____________________

Legislature/Company ____________________

____ **ALEC's MIXED GOLF TOURNAMENT AND CLINIC**
Sponsored by R.J. Reynolds Tobacco Company

Monday, August 26—8:00 a.m.-4:00 p.m.

Please schedule me for:

____ Round 1—8:00 a.m.-12:00 noon

____ Round 2—1:30 p.m.-4:00 p.m.

Note: If both sections are not filled, Tournament will be played in the morning (Round 1).

____ Handicap (needed for pairings)

____ I will need to rent clubs.

____ Right Handed ____ Left Handed

____ $100 Registration Fee for Non-Legislators (State Legislators' entrance fees are complimentary)

Registration Fee Includes: Green and Cart Fees, Golf Skills Clinic, Transportation to Course, Refreshments and Club Rental (if needed).

____ **ALEC's MIXED TENNIS TOURNAMENT AND CLINIC**
Sponsored by Philip Morris USA

Monday, August 26, 1991—10:00 a.m.-2:00 p.m.

____ I will need to rent a tennis racquet

____ $75 Registration Fee for Non-Legislators (State legislators' entrance fees are complimentary)

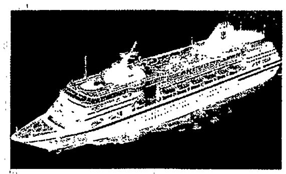
Registration Fee Includes: Court Fees, Tennis Skills Clinic, Transportation to Tennis Courts, Refreshments and Tennis Racquet Rental (if needed).

____ **ALEC's SKEET & TRAP SHOOT**
Sponsored by the National Rifle Association

Monday, August 26, 1991—10:00 a.m.-2:00 p.m.

____ $25 Registration Fee for Non-Legislators (State Legislators' entrance fees are complimentary)

Registration Fee Includes: Shotguns, Shells, Clay Targets, Ear and Eye Protection, Safety Training Course, Transportation and Refreshments. Shooters are to be grouped by experience.



Don't miss the opportunity to take advantage of special cruise rates to Alaska and British Columbia. ALEC is making arrangements for package tours both before and after the Annual Meeting. For more information, call the ALEC office.

For a free *Destination Washington* Travel Planner: a full-color 172 page guide with everything you need to help plan your visit, call 1-800-544-1800.

Progressive Travels of Seattle is offering a special bicycle tour of the Puget Sound Region, departing just following the conclusion of the Annual Meeting. (August 30-September 2). This four-day bicycle tour features the wonderful sights just outside of Seattle, such as beautiful Whidbey and Bainbridge Islands, the Victorian city of Port Townsend, and the Norweigian enclave of Poulsbo. Don't miss out on a chance to experience the area Conde Nast Traveler magazine called "one of the 10 best vacation destinations in the world". For more information and a free brochure, contact the ALEC office, or call Progressive Travels at 1-800-245-2229. Call soon, space is limited.

Special Programs for Spouses and Guests

Visit Pike Place Market, Pioneer Square and the Emerald City. Enjoy a leisurely lunch at Kiana Lodge (film location for televisions' Twin Peaks series). Enjoy a scenic ride through the foothills of the Cascade Mountains to breathtaking Snoqualmie Falls. Travel north to the home of Washington's premier winery, Chateau Ste. Michelle.

Tour tickets are available through Convention Services Northwest. For additional information, contact the ALEC office at 202-547-4646, ext. 224.

Youth Programs/Child Care

For children of registered Annual Meeting participants, complimentary child care will be provided at The Westin Hotel for children ages 0-12. Child care facilities will be open during all official Annual Meeting activities.

Children ages 6-17 may participate in a get acquainted breakfast cruise, visit the Seattle Center, the Seattle Aquarium and enjoy a special evening at The Westin Hotel while their parents are participating in ALEC's Annual Awards Banquet. For more information, contact the ALEC office at 202-547-4646, ext. 224.

Source: UCSF Tobacco Legacy Archives.

ALEC's social programing matters not only because it directly increases the appeal of attending the group's meetings, but also because it helps to cement the social ties between legislators, ALEC staff, and corporate representatives. As Theda Skocpol has explained in her analysis of American civic engagement, social events, like those sponsored by ALEC, help to transmit ideas, create space for discussion, and build ties between members of otherwise geographically dispersed groups (Skocpol 2004, chapter 3). This was confirmed to me in interviews I conducted with state lawmakers. One legislator reported that because of all of the free legislative and social benefits ALEC offered, "most ALEC members [may not start out as] true believers, but still go and participate in the group for the free food, free drinks, free trips, and connections."[59] The importance of the social programming is also affirmed, in part, by the failure of efforts by progressive activists to replicate ALEC's success by simply creating a library of liberal model bill ideas. As we will see in chapter 5, left-wing groups that provided *only* model bill text to legislators failed to get much traction without the close-knit ties engendered by the sort of recurring social events ALEC hosted each year.

Alternative Explanations

Apart from evaluating the importance of legislator ideology and policy capacity as explanations for lawmakers' reliance on ALEC, I also consider the following alternatives:

An *electoral vulnerability* argument would expect that to the extent that being able to bill ones' self as being more pro-business improves ones' electoral prospects by appealing to voters who support private sector firms, lawmakers who faced more competitive races in the past election cycle would be more likely to turn to ALEC model language in order to improve their chances in subsequent electoral contests.

Closely related, *campaign contribution* theories of business power place electoral giving at the heart of business's legislative success, and would anticipate that lawmakers who received greater contributions from organized business groups would be more likely to subsequently

[59] Author interview with Wisconsin state representative: 9/25/13.

support ALEC measures. Alternatively, businesses might reward lawmakers who authored more ALEC bills with greater donations in the following elections.

Theories of *structural business power* anticipate that legislators are especially likely to respond to the demands of companies when those firms are responsible for a greater share of employment in those legislators' districts. Thus, when the firms that stand to benefit from a particular type of ALEC model bill are more economically powerful in a legislators' district, we ought to expect that those legislators would be more likely to author and sponsor relevant proposals.

While my main approach is quantitative, assessing whether measures of each of these factors are related to legislators' propensity to author and sponsor bills based on ALEC's model proposals, I begin by presenting evidence from the historical record in support of the primacy of policy capacity as a motivation for legislators to turn to the group.

Evidence from the Historical Record for the Policy Capacity Argument

Perhaps the most compelling evidence in support of the policy capacity argument comes from ALEC members, like Oregon's Whisnant and Wisconsin's Tommy Thompson. But such perceptions by ALEC's legislative members are not new. In a 1981 fundraising letter for ALEC, Virginia state legislator Lawrence Pratt explained that "any legislator, and particularly those of us in a citizens' legislature like the Virginia General Assembly, gets overwhelmed by the volume of bills that is introduced and voted on . . . I can tell you from experience that even if a legislator tries (and a lot of them don't) it is simply not possible for one person to read every word of over 1,600 complicated documents in 5 short weeks." Pratt then made the pitch for ALEC's services: "For just $4,000 [about $10,000 in 2012 dollars], ALEC can provide the staff needed to *read the* *bills*, and then give regular reports to key legislators about what they're being asked to vote for . . . help us secure a conservative research assistant for our legislators" (ALEC 1981).

ALEC's leaders also recognized the importance of weak policy capacity in the states. In a corporate grant proposal in the 1980s ALEC argued the following about its services (focusing specifically on economic policy): "State legislator's [sic] today are confronted with a wide array of complex tax and fiscal policy issues. A typical legislator must be able to make many important decisions on issues ranging from economic development to increased demands for new and expanded state programs and services . . . Yet, most state legislators lack the staff and resources to be truly informed on all these issues . . . ALEC is uniquely qualified to provide the information services necessary for the success of effective and responsible state tax and fiscal policy" (ALEC n.d.-a).

A 1985 interview with ALEC's director, Kathy Teague, discussing ALEC's effectiveness also confirms this recognition. Teague highlighted the resources the group provided to legislators who would otherwise lack such capacities: "For the great majority of state legislators, being a lawmaker is their second career . . . And so, the need for information is acute. Also in the majority of the states the state legislator has no or very little staff support. In most of the states there is a majority and a minority legislative research office, and that research office has to provide research background information for all of the state legislators in that state" (quoted in Conservative Digest 1985). In another revealing interview, ALEC's national legislative chairman explained that state legislators were more receptive to business lobbying groups, such as ALEC, compared to national lawmakers because of the lack of staff at the state level: "I think that state legislators are more accessible than Congressmen; they're very close to the lobbying bodies, trade associations, etc. … Congressmen interact with professional Washington lobbyists through their staffs, whereas State Legislators have a more direct line of communication with actual industry people. This is one advantage or opportunity that business should recognize in the lessening of federal interference through federalism" (quoted in ALEC 1983).

It is not just ALEC members and leadership that acknowledged the linkage between policy capacity and business influence. ALEC's critics have offered similar assessments. For example, the Natural Resources Defense Council and Defenders of Wildlife—two groups that have been highly critical of ALEC's role in weakening environmental standards—offered an analysis congruent with the evidence from ALEC itself in 2002: "ALEC exploits a weakness of state legislatures. Forty-one states have only part-time legislators, and 33 of those have no paid legislative staff. Many state lawmakers are overwhelmed by the hectic, often-frenzied pace of annual sessions. ALEC's 'model' bills and packets of background information on key issues frequently shape the supposed solutions to a wide range of state problems and issues" (National Resources Defense Council and Defenders of Wildlife 2002, 5). And Charles Monaco, a spokesman for the Progressive States Network, a group established to represent progressive state legislators, echoed this sentiment about ALEC's strengths, stating that "there's a real need in a lot of legislatures that are not full-time or fully staffed to share best practices" (quoted in Cole 2012).

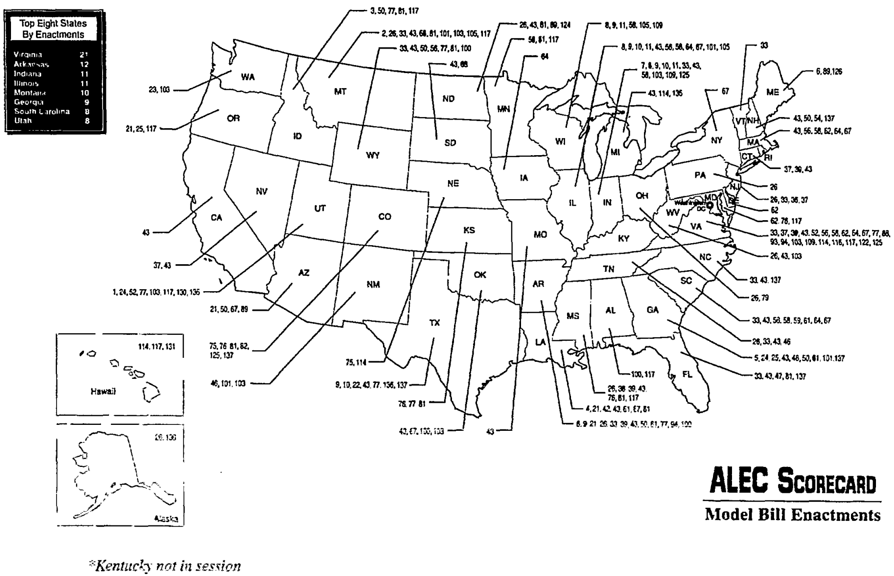
Virginia Delegate Patrick Hope combined low policy capacity with the desire of legislators to appear pro-business to win elections as an explanation for why even his fellow progressives sometimes introduced or sponsored ALEC bills: "I'm co-chair of the Virginia Progressive Caucus," explained Hope at a 2013 event, "I see some of our own members introducing some of these [ALEC] bills … And you have to take a look back and say: what were they thinking? And because they've come in with this model, saying well this is just a pro-business bill, we haven’t heard the other side of how this might impact the workers . . . we don't have the staff, we don’t know what we don’t know, and if we’re only hearing one side . . . it’s easy to get caught and not realize what you’re doing . . . I mean, probably before you even found out what this bill would do, the governor has already signed it, and it’s already law.”[60]

Assessing Explanations for Legislators’ Reliance on ALEC in 1995

To more systematically test the reasons why legislators turned to ALEC’s model bills and resources, I take advantage of unique archival material from the group that I uncovered from 1995. For that year, I found a “scorecard” that ALEC staffers had produced, tracking the individual bills that had been introduced and enacted across the states that were derived from ALEC bills (see Figure 3.2). The advantage to using this scorecard data is that it represents the full universe of all ALEC-inspired bills from that year, unlike my previous analysis in chapter 2, which used text analysis to pair state bills with their ALEC models. Using this data, I matched each ALEC-derived bill with its original authors and sponsors, as well as information about those legislators, including their legislative experience and access to policy resources, their electoral vulnerability, their partisan affiliation, and their ideological orientation.

[60] Virginia Delegate Patrick A. Hope at “The Legislative Attack on American Wages and Labor Standards,” a panel discussion at the Economic Policy Institute in Washington, DC, October 31, 2013; remarks transcribed by the author.

Figure 3.2: Internal ALEC Scorecard for 1995



Notes: UCSF Legacy Tobacco Archives.

To measure policy capacity and experience, I use the number of leadership positions a legislator holds on state legislative committees, using data from Carroll's State Directory supplemented with state legislative records. This measure has the practical advantage of being relatively straightforward to measure, and is available across all states. Legislators serving as the chair or vice-chair of a policy committee ought to have access to more policy resources and have a lower demand for private policy capacity from ALEC compared to legislators not in such leadership positions for at least two reasons. First, state legislative committees generally have more policy resources compared to the offices of individual members. According to data from 1994–1995, while access to staff for individual lawmakers was highly variable across the states, nearly all states had staff members for standing committees, and these staff members often came from the committee chair's office.[61] Second, many legislative scholars have argued that committees and their leaders have a strong incentive to specialize to be more effective in the policymaking process.[62] This means that committee leaders ought to generally have a greater level of policy expertise on the issues relevant to their committees compared to non-committee leaders, further dampening their demand for policy capacity from private groups like ALEC.[63] I top code this variable at three committee leadership roles or more.

To measure electoral vulnerability, I use lawmakers' margin of victory over their opponent in the past election, using data from Carl Klarner's dataset of state election returns. I obtain legislators' partisanship from state records. Lastly, I measure legislative ideology using data from a recent initiative from Boris Shor and Nolan McCarty (2011) that produced comparable indicators of legislators' conservatism across the states.

Because of limitations on the availability of bill sponsorships, as well as data on the ideological orientations of state legislators, I only have complete data for ten states in 1995: Alaska, California, Delaware, North Carolina, South Carolina, Texas, Utah, Vermont, Washington, and Wisconsin. Still, these states represent an interesting cross-section of legislatures with ample variation on both my independent and dependent variables. Slightly more

[61] See for example the comparison between the availability of staff for individual legislators and staff for legislative standing committees, Council of State Governments 1994–1995, 154-5.

[62] On committee policy specialization in the Congress and the states, see canonically Gilligan and Krehbiel 1990; Francis 1989; Fenno 1973; see also Hamm, Hedulun, and Post 2011 for more recent evidence from the states regarding committee policy specialization.

[63] One concern with this measure is that committee leaders may be more likely to have been "captured" by interest groups given their value to those groups and the longer length of time they have served in the legislature. However, this effect would bias my results towards finding a positive correlation between committee leadership roles and business model bill reliance.

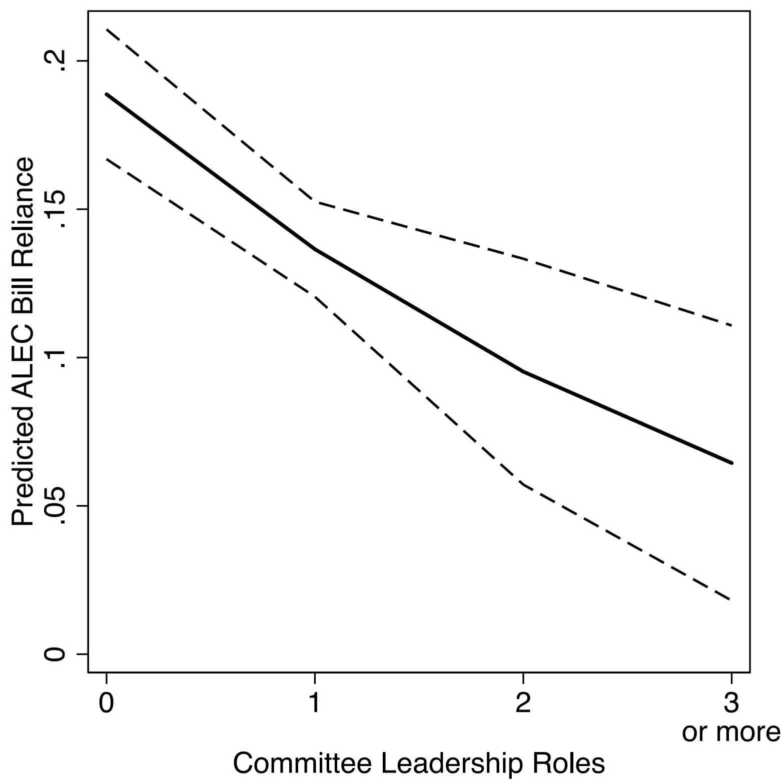
than half of the legislators in my sample (53 percent) authored or sponsored an ALEC model bill. The ALEC bill sponsorship rate in 1995 was highest for legislators in North Carolina and lowest for Alaskan legislators.

A preliminary look at the ALEC bill authorship rate across legislators indicates support for the policy capacity argument. State lawmakers who did not hold any committee leadership roles relied on ALEC for about 17% of their bills, those with one or two leadership positions relied on ALEC model bills for about 13% of their bills, and strikingly, those with three or more roles relied on ALEC for only 6% of their legislation. This analysis, however, neglects the potential explanatory weight of legislator ideology, partisanship, electoral vulnerability, and other state specific factors that might lead lawmakers in some legislatures to rely disproportionately on ALEC compared to lawmakers in other states.

To address these factors, I conduct a regression analysis that accounts for these four effects (full results presented in an appendix). Consistent with the political ideology hypothesis, I found that more conservative legislators were more likely to rely on ALEC models for a greater share of their bills in this year; moving from the least to the most conservative legislator is predicted to increase a lawmaker's reliance on ALEC bills by 24 percentage points. Similarly, Republicans were more likely to turn to ALEC, though the effect of ideology is about five times as large as partisanship.

Even controlling for partisanship and ideology, however, I find a strong role for policy capacity, bolstering the results from chapter 2. Moving from a lawmaker with three or more leadership roles to a lawmaker with none is predicted to increase a legislator's reliance on ALEC bills by about 12 percentage points. Figure 3.3 shows the predicted effect of increasing policy capacity, as measured by committee leadership roles, on ALEC bill reliance, after accounting for the other explanatory factors. As is clear, legislators are anticipated to rely on ALEC for a decreasing share of their bill activity as they assume more policy leadership roles in their chamber. Table 3.1 summarizes the change in legislators' reliance on ALEC bills associated with changes in the various explanatory variables. The last factor – electoral vulnerability – only exerts a small (though positive) effect on ALEC bill reliance.

Figure 3.3: Lower Policy Capacity Leads to Greater Reliance on ALEC Model Bills, 1995



Notes: Figure shows the predicted effect of policy capacity on legislative reliance on ALEC model bills in 1995. ALEC bill reliance is the share of a legislator's introduced or authored bills that are taken from ALEC models. See text for more details, and see Appendix for full regression results.

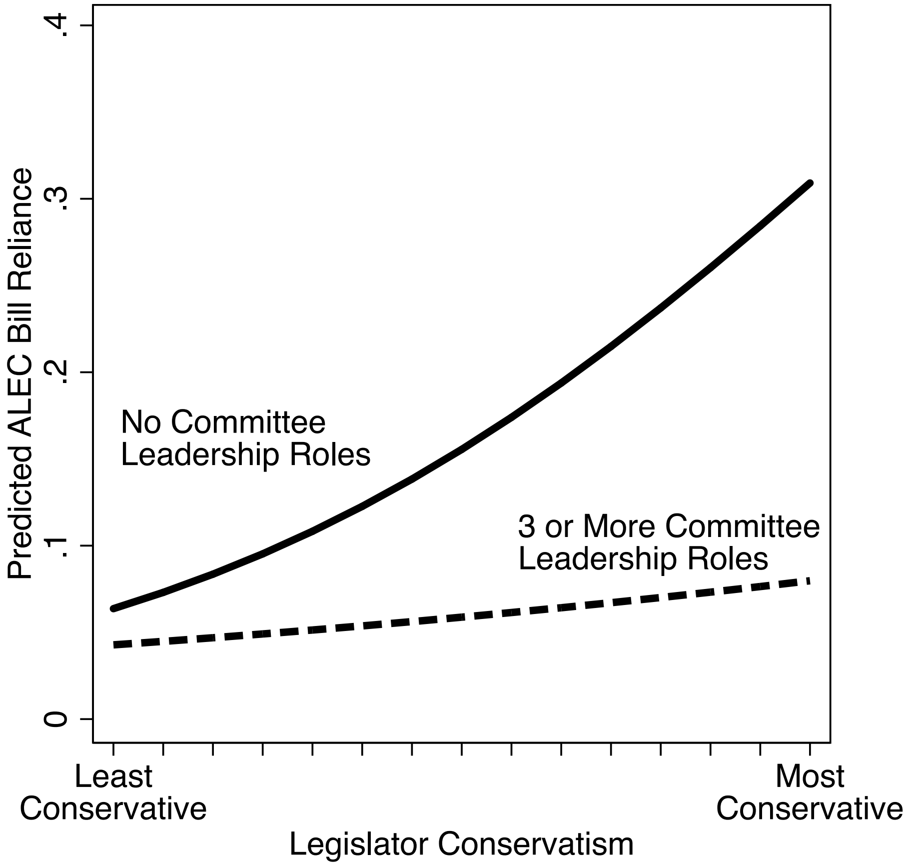
Table 3.1: Determinants of ALEC Bill Reliance, 1995

Variable	*Change in Predicted ALEC Bill Reliance*
Committee Leadership Roles (*Three or More to None*)	+ 12 percentage points [6, 19]
Legislator Conservatism (*Minimum to Maximum*)	+ 24 percentage points [12, 35]
Republican Partisanship (*Non-Republican to Republican*)	+ 5 percentage points [0, 11]
Last Election Victory Margin (*Maximum to Minimum*)	+ 6 percentage points [2,10]

Notes: Table shows the change in the predicted ALEC bill reliance associated with changes in the various explanatory variables. 95% confidence intervals below each estimate. ALEC bill reliance is the share of a legislator's introduced or authored bills that are taken from ALEC models.

Does policy capacity matter more for particular types of legislators? If we think of ALEC's policy resources as lowering the cost of passing business-friendly legislation, we might expect that the effect of low policy capacity would be most salient for legislators who were already most receptive to ALEC's ideological agenda. To test this hypothesis, I permitted the effect of policy capacity to vary by legislators' ideological conservatism. Figure 3.4 provides evidence consistent with the notion that a conservative ideology magnifies the effects of low policy capacity. Highly experienced and resourced legislators were unlikely to ever author ALEC bills regardless of their ideological orientation (dashed line); moving from the least to the most conservative and experienced legislator is only predicted to have increased reliance on ALEC bills from four to eight percent. In contrast, reliance on ALEC model bills was highly variable by ideology for inexperienced and resource-strapped legislators (solid line); moving from the least to the most conservative junior and understaffed legislator increased reliance on ALEC bills from six to 31 percent – a whopping 25 percentage points.

Figure 3.4: The Effect of Policy Capacity on ALEC Bill Reliance Varies by Legislator Ideology, 1995



Notes: Figure shows the change in the predicted ALEC bill reliance associated with changes in policy capacity and legislator ideology. ALEC bill reliance is the share of a legislator's introduced or authored bills that are taken from ALEC models.

Legislative capacity, then, offers a persuasive explanation for ALEC's success, above and beyond legislators' ideological commitments. But what role do campaign contributions play in ALEC's success? The first step in testing the campaign contribution theory is to re-analyze my 1995 data to see if legislators who received a disproportionate share of their total contributions from business or business associations were more likely to rely on ALEC model bills. Unfortunately the National Institute on Money in State Politics, the chief source for state contribution data, only has the necessary information for two states in my 1995 analysis: Alaska and Washington. Another methodological drawback is that finding a positive correlation between contributions and reliance on ALEC model bills would not offer definitive proof that the contributions led legislators to introduce and sponsor more model bills – it could well be that the legislators would have turned to ALEC even in the absence of those corporate donations. Still, showing a positive correlation between business giving and ALEC bill reliance would be a necessary first step to showing that contributions shape the likelihood that legislators will turn to business-backed model proposals.

Looking at these two states, we see that legislators who received a greater share of their contributions from business were actually *less* likely to rely on ALEC model bills compared to legislators who received more of their contributions from other donors, after accounting for legislator ideology, electoral margin, and party. This is because more senior and experienced legislators were much more likely to rely on business for their campaign contributions than more junior and less experienced legislators. On average, legislators who held a committee leadership position received 15 percentage points more of their total contributions in the 1994 election cycle from business compared to junior legislators without such roles (the average legislator in the states I examine received 51 percent of their contributions from business in the 1994 election cycle).

It does not appear that business-backed legislators are more likely to offer ALEC bills as their own. But are legislators rewarded in later election cycles for their authorship of ALEC models in the previous legislative session? There is more data available for the 1996 election cycle; the National Institute on Money in State Politics has the relevant information not just for Alaska and Washington, but also North Carolina, South Carolina, Utah, and Vermont. Looking across these states and controlling for ideology, electoral margin, and party, I once again find a relationship that defies the prediction of the campaign contribution theory of business power.

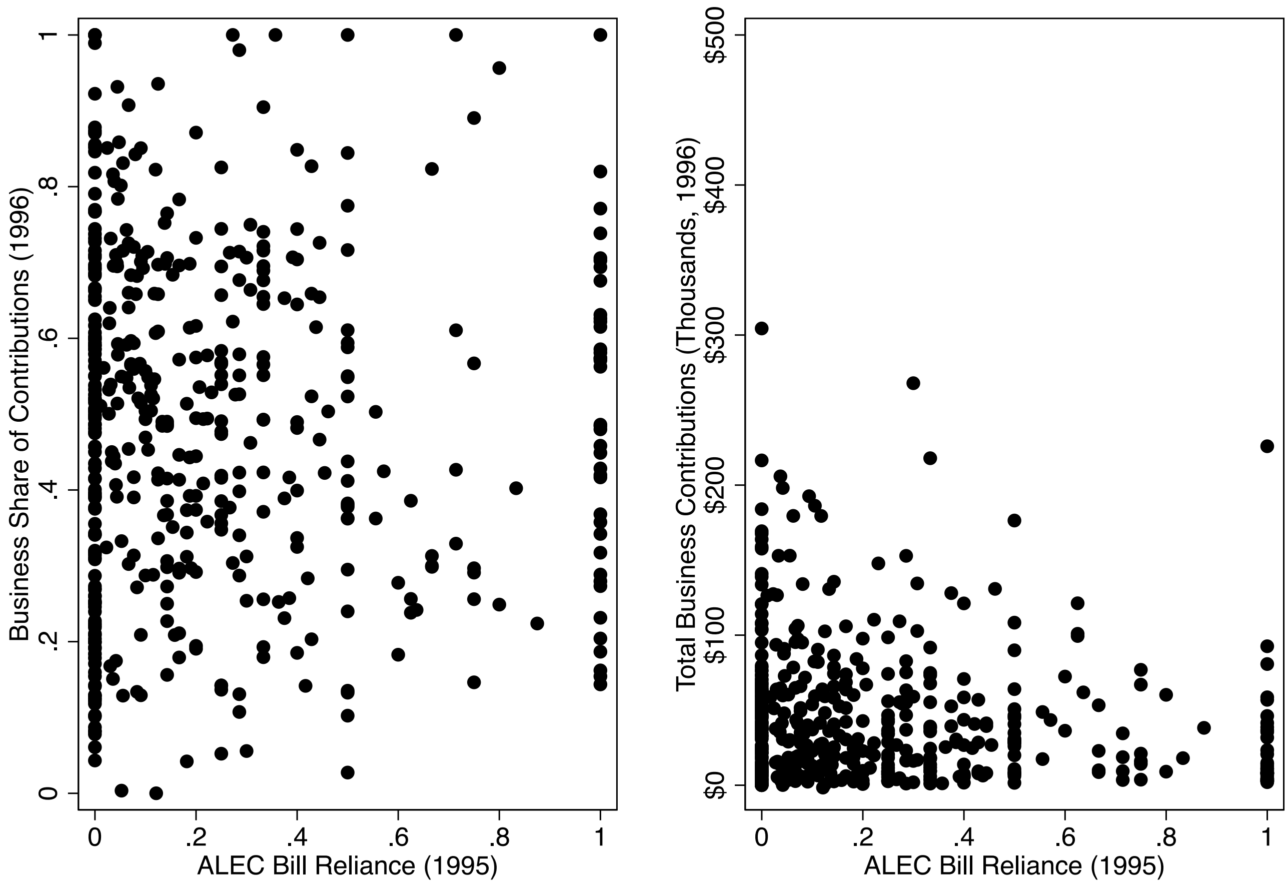
Legislators who introduced and sponsored more ALEC bills in 1995 were actually *less* likely to receive donations from business in the next electoral cycle, and received lower overall contributions than legislators who introduced and sponsored more ALEC bills.[64]

This puzzling relationship makes more sense when we realize that more experienced legislators received relatively more donations from business, and larger contribution totals overall. On average, legislators who held a committee leadership position received 10 percentage points more of their contributions in the 1996 election cycle from business compared to junior legislators without such roles (the average legislator in the states I examine received 48 percent of their contributions from business in the 1996 cycle). Those senior legislators with policy leadership roles also received more donations overall – about $18,500 more compared to junior lawmakers without such positions.

Figure 3.5 summarizes my main conclusions that legislators who relied on ALEC bills were not rewarded with more generous contributions from business in the subsequent electoral cycle. The left plot shows that there is no relationship between the total amount of contributions a candidate received in 1996 and that legislator's reliance on ALEC model legislation in 1995; if anything, there is a negative relationship, with legislators who were highly reliant on ALEC model bills having smaller campaign donations from business than legislators who were less reliant on ALEC. The right plot shows that there is similarly no relationship between the share of contributions a candidate received from business in the 1996 election and that legislator's reliance on ALEC model legislation in 1995.

[64] One concern is that ALEC-reliant legislators are more likely to run again for office because they do not fear a business-backed challenger. I do not find any evidence, however, that ALEC-reliant legislators were any more likely to run again for office in 1996 compared to legislators who were less reliant on corporate-drafted model legislation.

Figure 3.5: ALEC-Reliant Legislators Are Not Rewarded by Business in the Following Election



Note: Figure shows the lack of a relationship between ALEC bill reliance (the share of all bills a legislator authored or sponsored that came from ALEC model legislation) in 1995 and the total contributions the candidate received (right plot) or the share of contributions from business in the 1996 election (left plot). States include Alaska, Washington, North Carolina, South Carolina, Utah, and Vermont. Dashed black lines are lowess-smoothed lines of best fit.

Testing the Policy Capacity Argument in More Recent Times

So far I have identified a strong relationship between legislative ideology, low individual policy capacity, and the authorship of ALEC bills in 1995. Campaign contributions, in contrast, do not seem to matter for explaining which legislators rely disproportionately on the group. But the preceding analysis leaves open the question of whether my conclusions about policy capacity and campaign contributions would apply in present day. To assess whether policy capacity continues to offer an explanation for when legislators turn to business-drafted model bills, I assess two different sets of evidence.

First, I draw on a new national survey of state legislative candidates from 2014, where I asked incumbent candidates whether they turned to ALEC when crafting legislation related to economic policy in the past. If the policy capacity argument continued to hold in present day, I would expect that legislators in states with lower levels of legislative resources would be more likely to report that they turned to ALEC. In addition to the 2014 survey, I also conduct a test of the theory in the "least-likely" cases of Arizona, Florida, Wisconsin, Michigan and Virginia in 2011, where I would least expect policy capacity to continue to matter in present day when ALEC became the target of a media blitz.

Survey Evidence in 2014

I added questions to a national survey of legislative candidates fielded in the fall of 2014, asking respondents who had previously served in government to report whether they had relied on material from ALEC when drafting bills related to economic policy.[65] To the extent that ALEC has become more strongly politicized in recent years (as I described in chapter 1), it should downwardly bias my estimates of reliance on ALEC across the states, as legislators are reluctant to disclose their affiliations. Table 3.2 summarizes the states with the highest and lowest shares of state legislative candidates reporting relying on ALEC.

[65] The 2014 National Candidate Survey, fielded by David Broockman, Nicholas Carnes, Melody Crowder-Meyer, and Christopher Skovron. In all, 1,887 state legislative candidates responded to the question (see appendix for methodology; the overall survey response rate was about 21% and similar to a previous candidate survey fielded in 2012).

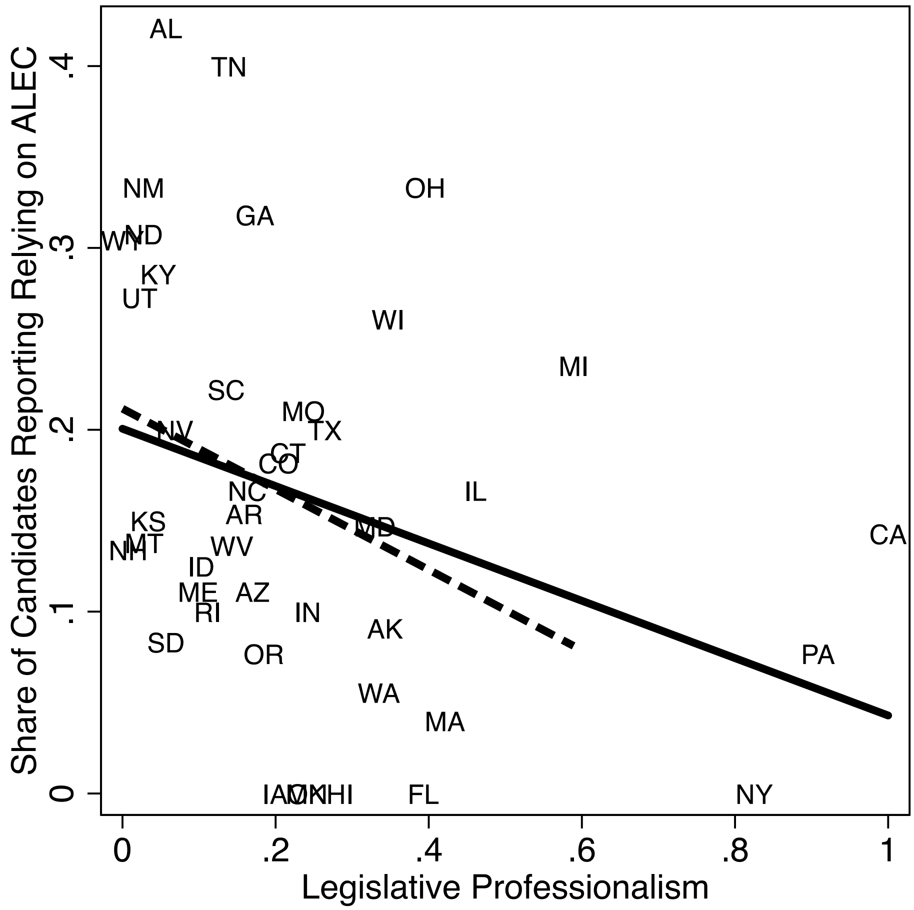
Table 3.2: States with Highest and Lowest Levels of ALEC Reliance, 2014

State	Share of Candidates Relying on ALEC	State	Share of Candidates Relying on ALEC
HI	0%	AL	42%
FL	0%	TN	40%
OK	0%	NM	33%
MN	0%	OH	33%
NY	0%	GA	31%
IA	0%	ND	31%

Notes: Data from the 2014 National Candidate Survey. Only candidates who held state legislative office are included in this table.

If the policy capacity argument continued to hold, we would expect that legislators from states with weaker policy capacity would be more likely to report that they relied on ALEC for policy material when crafting legislation. Do we see this pattern? Figure 3.6 answers this question by plotting reliance on ALEC against the state-based measure of policy capacity that I have been using so far: a standardized index of legislative professionalism comprised of variables measuring legislator salaries, legislative spending, and the length of the legislative session. Greater values of this index thus indicate more professionalized legislatures. I observe a strong relationship between these variables: a one standard deviation increase in legislative professionalism is predicted to reduce the share of candidates relying on ALEC by four percentage points. The relationship holds even if we exclude the outlying states with very highly professionalized legislatures (California, New York, and Pennsylvania).

Figure 3.6: Legislative Professionalism and State Candidate Reliance on ALEC, 2014



Notes: ALEC reliance from 2014 National Candidate Survey; legislative professionalism from authors' own calculations. Solid black line is regression line for all states. Dashed black line is regression line excluding NY, PA, and CA. Only candidates who held state legislative office are included in this plot.

Testing Policy Capacity in 2011

To further assess whether policy capacity continues to matter for legislators' reliance on ALEC model bills at the individual lawmaker level in more recent times, I turn to a "hard" test of the theory. I examine five states – Arizona, Florida, Wisconsin, Michigan, and Virginia – where ALEC has been most active and where ALEC has received the most scrutiny by the press and other outside progressive groups. Given that ALEC was so well known in these states, and so well linked to very conservative (and controversial) policy objectives, we would expect the policy capacity motivation for relying on ALEC to matter less. No Democrat or liberal lawmaker would want to be associated with ALEC, regardless of their policy resources, or lack thereof. Similarly, conservatives of all stripes would be willing to support ALEC, regardless of their levels of policy capacity. These states thus provide what case study researchers have identified as an ideal case for a confirmatory test of a theory (Gerring 2007).

Indeed, each of these five states I examine became associated with at least one especially controversial ALEC model bill in the explosion of media coverage from 2010 to 2011. Arizona became synonymous with SB1070, which enacted strict measures to curb illegal immigration, including a provision making it a crime for immigrants not to carry proof of their immigration status with them at all times and another component that permitted police to detain individuals believed to be illegal immigrants (Archibold 2010). SB1070 was crafted in consultation with ALEC legislative staff and corporate participants, especially private prison companies (Sullivan 2010). Florida, for its part, was associated with the so-called Castle Doctrine, which became a template for an ALEC model bill; that was the bill later cited in the Trayvon Martin shooting controversy (Follman and Williams 2013). Virginia gained attention for passing an ALEC model bill that would make it illegal to require its citizens to carry health insurance – a bill intended to stymie the implementation of the Affordable Care Act (Cauchi 2014). Lastly, newly elected conservative governors in both Wisconsin and Michigan attracted the national spotlight when they moved forward with a number of ALEC-backed proposals, perhaps most notably reforms to dramatically weaken the labor movements in their states (Bottari 2011, 2012; The Editorial Board 2012; we will revisit these episodes in more detail in chapter 4).

Precisely because of the attention these states received for their passage of ALEC bills, the left-leaning non-profit groups Progress Now and the Center for Media and Democracy produced reports carefully tracking all ALEC-related legislation that was either introduced or enacted by legislators in those states in 2011. These tracking reports provide the basis for my identification of ALEC-affiliated model bills. (In future work, I plan to use the text analysis I conducted in chapter 2 to match ALEC-identified bill reliance to individual lawmakers – but matching individual legislators across nearly two decades is a daunting task that will require much more time.)

Using those tracking reports, I identified the legislators who either authored or sponsored ALEC model bills, and then computed the share of all authored or sponsored bills from ALEC for all legislators in the five states (the same outcome measure as in my 1995 analysis), along with the same variables as in the earlier 1995 analysis: legislator ideological conservatism, partisan affiliation, electoral vulnerability, and committee leadership roles.

About the same share of legislators in the 2011 sample (51%) introduced or authored an ALEC model bill as in the 1995 sample (53%). Table 3.3 describes the predicted effects of each of the explanatory factors in the 2011 analysis. As anticipated, policy capacity does matter less in these states than in 1995. But policy capacity still exhibits an effect that is distinguishable from zero; more senior and experienced lawmakers were less likely to rely on business-drafted model bills than were more junior legislators

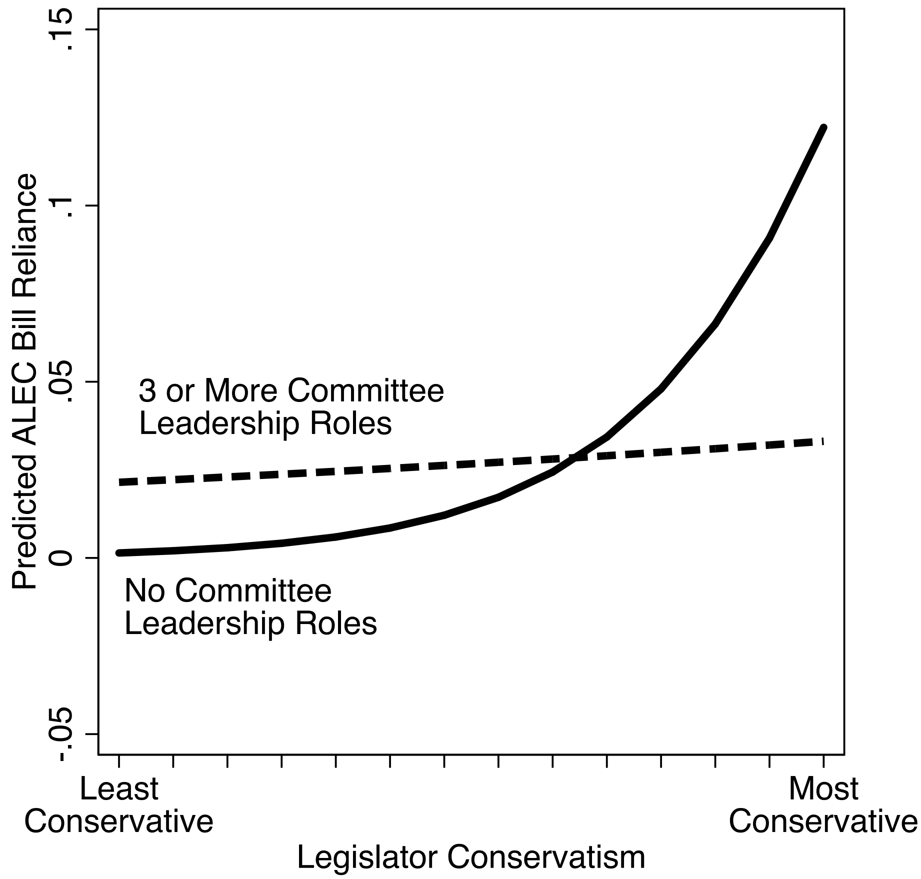
Table 3.3: Determinants of ALEC Bill Reliance, 2011

Variable	Change in Predicted ALEC Bill Reliance
Committee Leadership Roles (*Three or More to None*)	2 percentage points [1, 2]
Legislator Conservatism (*Minimum to Maximum*)	16 percentage points [14, 19]
Republican Partisanship (*Non-Republican to Republican*)	5 percentage points [3, 6]
Last Election Victory Margin (*Maximum to Minimum*)	0.01 percentage points [0,0.01]

Notes: Figure shows the change in the predicted ALEC bill reliance associated with changes in the various explanatory variables. ALEC bill reliance is the share of a legislator's introduced or authored bills that are taken from ALEC models. 95% confidence intervals below each estimate.

An important conclusion from the earlier 1995 analysis was that the effect of policy capacity varied by legislator ideology, with changes in policy capacity having a much greater effect on conservative, rather than liberal, legislators. Conducting the same analysis with the 2011 data, I found similar results, which are shown in Figure 3.7. As before, there was not much variation in ALEC bill reliance by legislator ideology for highly experienced and well-resourced policymakers; moving from the least to the most conservative ideological orientation is only predicted to increase a highly experienced lawmaker's reliance on ALEC model bills by about one percentage point. But for an inexperienced and poorly resourced lawmaker, that same change in ideology is predicted to increase reliance on ALEC model bills by twelve percentage points. Just as before, the effect of policy capacity is highly conditional on lawmakers' ideological commitments, with policy capacity mattering more for more conservative lawmakers.

Figure 3.7: The Effect of Policy Capacity on ALEC Bill Reliance Varies by Legislator Ideology, 2011



Notes: Figure shows the change in the predicted ALEC bill reliance associated with changes in policy capacity and legislator ideology. ALEC bill reliance is the share of a legislator's introduced or authored bills that are taken from ALEC models.

Does the Structural Power of Business Matter for ALEC's Success?

As we saw in the introduction, an important debate in political science involves the degree to which business power is structural in nature. Proponents of the idea of structural business power – like Charles Lindblom – argued that business is powerful to the extent that it is responsible for producing employment and economic growth in a capitalist economy. In order to maintain a healthy economy, then, legislators must defer to the demands of private sector firms – the market is, in Lindblom's memorable phrasing, a prison for lawmakers (Lindblom 1977). So far we have seen that policy capacity and ideology are central explanations for ALEC's success in the states. But does ALEC benefit from the structural power of businesses within states, and especially within state legislators' own electoral districts? One way of evaluating that question is to examine whether legislators are more likely to author and introduce ALEC bills that benefit the economically important industries within their own districts. Finding that lawmakers were more likely to author ALEC bills that benefited their local industries would provide suggestive evidence that the structural power of firms matters for legislative reliance on ALEC, too.

To assess this hypothesis, I return to the 2011 data and identify the ALEC model bills that provide one specific type of benefit to private sector firms: contracts for administering and operating what were previously publically provided state services. As we saw in chapter 2, these bills are a crucial component of the portfolio of proposals advanced by ALEC. All told, I identified twelve bills across Arizona, Florida, Wisconsin, Michigan, and Virginia that had a clear privatizing function. Table 3.4 lists an illustrative sample of these bills, including measures permitting private sector manufacturing firms to take advantage of inmate labor, contracting out correctional services to private firms, and creating new government agencies to facilitate privatization.

Table 3.4: Examples of ALEC Model Bills Privatizing State Services

Bill	Substantive Effect
Prison Industries Act	Creates an inmate labor system in state correctional facilities; permits contracting with private firms to run these labor systems
Private Correctional Facilities Act	Permits public agencies to contract with the private sector to provide correctional services
Virtual Public Schools Act	Permits the use of private computer- and Internet-based technology for online public school instruction
Council on Efficient Government Act	Creates a council to evaluate state services and recommend privatization of those services

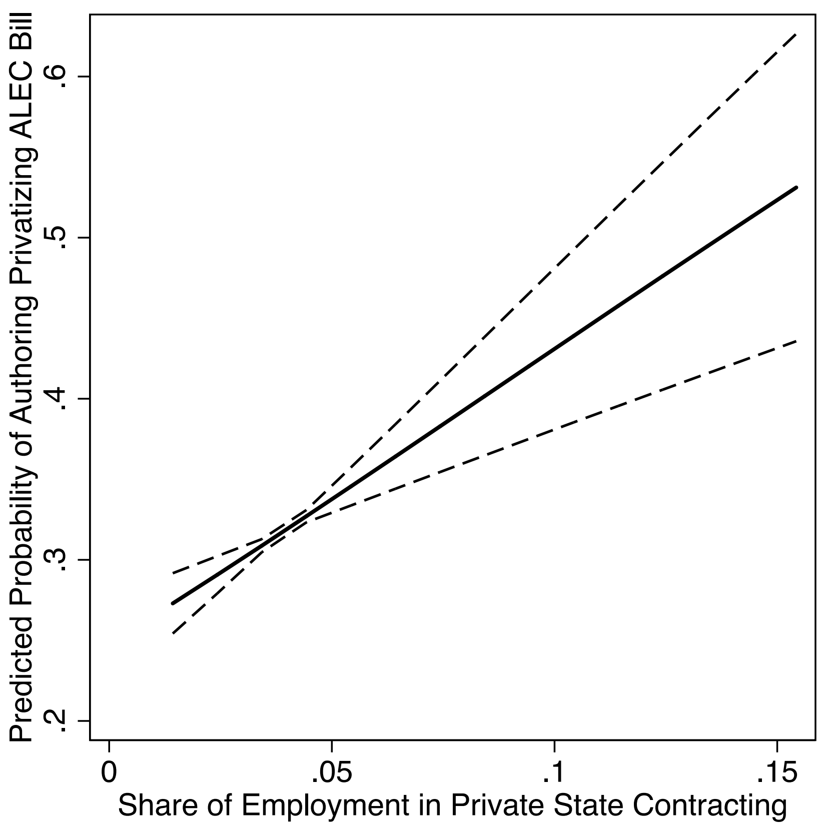
I next examined if the legislators who authored and introduced these privatizing bills were more likely to come from districts where government contractors represented a larger share of employment. In these contexts, we would expect that legislators should be more deferential to the interests of the major industries in their districts.

To measure the relative importance of private government contractors, I draw on data from the 2007-2011 American Community Survey, and estimate the share of civilian employment within each state legislative district in the "Administrative and support and waste management services" industry. This is the category most likely to include government contractors of services like prisons and other facilities. Across the five states in my sample, the share of employment in this industry ranged from about one percent to 16%, with a median of 4%. Employment in this industry was highest in Florida and lowest in Wisconsin.

The main outcome in this analysis of structural power is a binary indicator of whether a lawmaker authored or introduced an ALEC model bill privatizing state services, and the main explanatory variable is the share of employment in a legislative district in the private state contracting industry. I also include the same measures as in the earlier 1995 and 2011 analyses:

legislator ideology, partisanship, electoral vulnerability, committee leadership roles, and state effects. Consistent with the notion that structural power matters, I find that legislators from districts with a greater share of employment in government contracting industries were more likely to author privatizing ALEC bills. Moving from a district with the lowest employment in private sector contracting (1%) to a district with the highest level of employment in such firms (16%) is predicted to increase the probability that a legislator will introduce an ALEC-derived privatization bill by 26 percentage points, as shown in Figure 3.8.

Figure 3.8: Legislators From Districts Reliant on Government Contracting More Likely to Author ALEC Bills Privatizing State Services



Notes: Figure shows the predicted probability of a state lawmaker introducing or authoring a bill privatizing state services as a function of changing employment in private state contracting services, holding all other factors constant (ideology, partisanship, electoral vulnerability, and committee leadership roles). Dashed lines indicate 95% confidence intervals.

Legislators, then, do appear to be responsive to the demands of the most economically important industries in their districts. Although ideology and low policy capacity can explain the general tendencies of lawmakers to turn to ALEC's policy ideas and resources, so too can the structural positions of businesses that are politically salient for state lawmakers.

Are Legislators Responding To The Preferences Of Their Constituents?

A final question left open by my earlier analysis is if legislators who turned to ALEC for policy ideas were simply responding to the preferences of their constituents. Perhaps once we account for the effect of constituent ideology, the effects of legislative inexperience and low policy resources will disappear. I lacked a measure of constituent public opinion for the 1995 analysis, but thanks to a new initiative by Chris Tausanovitch and Christopher Warshaw, I have precisely such information for 2011. Tausanovitch and Warshaw estimated the ideological orientation of constituents in each state legislative district using responses to survey questions fielded to 275,000 Americans between 2000 and 2011. I include that measure of district public opinion, roughly capturing a left-right ideological dimension, in my analysis of ALEC bill reliance in 2011.

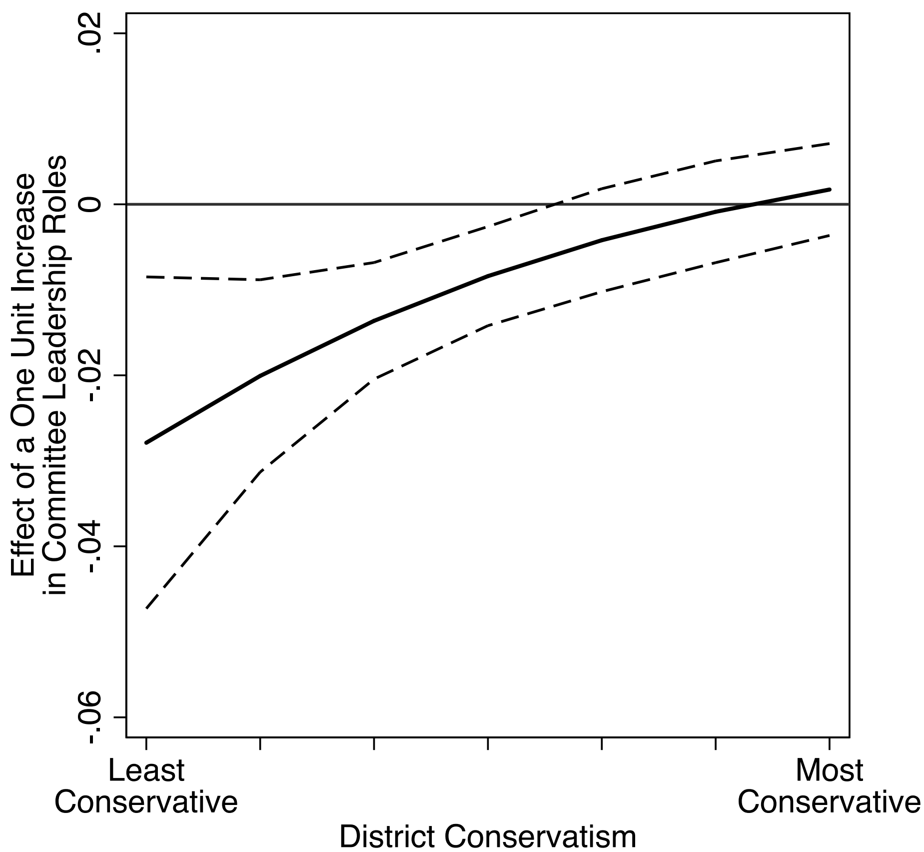
I am especially interested in whether the presence of low policy capacity – and thus a dependence on ALEC – causes legislators to systematically neglect particular constituents, either liberal or conservative. It might be the case, for instance, that given the importance of ALEC for inexperienced legislators, that under-resourced legislators representing more liberal constituencies might neglect the preferences of those more liberal voters since they do not have the resources to pass the sort of left-wing bills that their liberal constituents would presumably favor. This hypothesis is consistent with the account I offered from Democratic Virginia Delegate Patrick Hope when he was explaining why even the progressive – but understaffed –

lawmakers in his caucus had turned to ALEC. Alternatively, it might be the case that low policy capacity simply causes legislators representing all kinds of districts to introduce more business-friendly legislation. We can adjudicate between these two predictions by interacting constituent conservatism with policy capacity. As before, I also control for legislator ideology, partisanship, electoral vulnerability, and state effects.

As Figure 3.9 demonstrates, I find that low policy capacity matters most for lawmakers representing the most liberal districts. Figure 3.9 shows the effect of a one-unit increase in committee leadership roles for districts of varying constituent conservatism. For the most liberal district, increasing policy capacity has the greatest effect on ALEC bill reliance, dampening legislators' demand for ALEC models by three percentage points. But at higher levels of district conservatism, policy capacity has smaller effects that are not distinguishable from zero. Put differently, inexperienced and understaffed legislators from more liberal districts were much more likely to deviate from their districts' preferences by authoring more ALEC model bills compared to understaffed lawmakers from conservative districts. These findings provide suggestive evidence low policy capacity – in the presence of organizations like ALEC – pulls legislators' bills away from the preferences of more liberal state constituents, but not conservative voters (on the tendency of state lawmakers to systematically overestimate the conservatism of their constituents, see also Broockman and Skovron 2013).

Of course, we need to exercise caution in interpreting these results since the district-level public opinion data span the 2000s, so it is possible that they do not reflect more recent movements in voter preferences. Moreover, the measure of public opinion does not capture attitudes towards specific proposals or policy ideas, so we cannot know for sure whether liberal constituents might support some of the ALEC model bills that their representatives have authored or introduced. Nevertheless, the evidence presented here gives us reason to think that low policy capacity has skewed the representation of interests in state government away from liberals and towards conservatives. Given that ALEC has historically been one of the major sources of private policy capacity for resource-strapped lawmakers, low policy capacity disproportionately benefits those who favor the conservative policy goals pursued by the group.

Figure 3.9: Low Policy Capacity Increases Reliance on ALEC Most for Legislators with Liberal Constituents



Notes: Figure shows the change in the predicted ALEC bill reliance associated with changes in policy capacity and district ideology. ALEC bill reliance is the share of a legislator's introduced or authored bills that are taken from ALEC models. Dashed lines indicate 95% confidence intervals.

Why Would Legislators Turn to ALEC – And What Can This Tell Us About Business Power?

A defining characteristic of American state legislatures is the great diversity in their capacity to design and implement legislation. As Peverill Squire has documented, these concerns date all the way back to the mid-nineteenth century. As one former Missouri state official lamented in 1863, "it is enough to say that two or three weeks have been wasted … and that no Legislation of general importance has yet been accomplished … The Legislature is composed almost entirely of new members very few of whom seem to have much legislative ability or experience" (quoted in Squire 2012, 231). Indeed, it was precisely concerns about the inexperience and low capacity of state legislators that led progressive reformers – like the American Association for Labor Legislation, quoted in the epigraph to this chapter – to develop model bills and private resources of their own to offer to state governments (we will revisit the history of such progressive reform associations in much more detail in chapter 5).

In this chapter, I have shown that legislative inexperience and lack of policy-relevant resources continues to matter for the content of the bills that state legislators produce. While legislative ideology (and partisanship to a lesser degree) explained a great deal of variation across the states in lawmakers' reliance on ALEC, I also found an important role for policy resources. Low policy capacity leaves state legislators open to influence from well-organized groups that can lower the costs of authoring, passing, and implementing legislation.

Exploiting low policy capacity is a crucial strategy for business influence across the states, and one whose implications have not been fully appreciated by scholars of interest group lobbying and business power (but see Hall and Deardorff 2006 for this argument in Congress, and Drutman 2015 for a recent extension). As we saw from the internal ALEC documents I have described at the beginning of the chapter, this was a key strategic advantage pursued by the group since the 1980s.

Just as relevant as the finding for policy capacity is the *lack* of any finding for campaign contributions. Contrary to all the attention that such electoral giving garners from academics, citizens, and journalists alike, I found that contributions were unrelated to legislators' reliance on ALEC for policy ideas and text. If anything, we saw that more experienced and better-staffed lawmakers were more likely to receive greater donations from business, consistent with the evidence from Lynda Powell's work (2012). This, in turn, suggests that there are multiple means of influencing policy, depending on the political context in which legislators are embedded. If businesses – or any other interest group for that matter – want to shape policy in more professionalized state legislatures (like New York or California), or want to attract the support of more senior and experienced lawmakers within particular legislatures, they are better off investing heavily in campaign contributions. But if business wants to affect policy in the states in which there are only weak public resources available to lawmakers, or if business wants to target junior lawmakers, it would do well to pursue a policy capacity-based approach to lobbying. Both campaign contributions and policy capacity, then, offer different mechanisms for achieving the same goals.

Policy capacity is not the only reason for ALEC's success, however. As I identified in the analysis from 2011, there is evidence that legislators are responding to the economically important industries in their constituencies, too. When legislators' districts were more reliant on private sector government contractors, they were more likely to introduce ALEC models privatizing state services. The industrial composition of legislators' districts may thus provide an important explanation for *which* ALEC bills legislators decide to introduce or author.

Lastly, the analysis in this chapter also has implications for the intersection of business power and democratic representation. One reason to worry about the influence that organized interests, such as business, have on the policymaking process is that such power pulls the content of public policy away from the preferences of ordinary citizens. While I cannot speak to any individual issue pursued by ALEC, I was able to test whether legislators were representing the broad ideological orientation of their constituents in their authorship and sponsorship of ALEC model language. Troublingly, I found that changes in legislative inexperience had the biggest effect on legislators representing liberal districts – precisely the constituents that we would expect to be most opposed to ALEC's model bills. This suggests that low policy capacity may be asymmetrically benefiting conservative over liberal interests, pulling legislators away from the sort of public policies that their left-leaning districts would otherwise prefer. This finding fits well with other research on democratic representation in the states, which finds that greater levels of policy capacity help legislators to better align their public policy output to the preferences of their constituents (Lax and Phillips 2012, but see Broockman and Skovron 2013). Although this chapter has focused on ALEC, ALEC is not the only group promoting conservative, business-friendly bills across the states. We will now meet two of ALEC's strongest allies supporting corporate-conservative causes in America's statehouses.

CHAPTER 4: A LITTLE HELP FROM THEIR FRIENDS

"At the annual meeting, which took place in Oklahoma City this past September 24th through 27th, [SPN President] Sharp explained what she called The IKEA Model. She said that it starts with what she described as a "catalogue" showing "what success would look like." Instead of pictures of furniture arranged in rooms, she said, S.P.N.'s catalogue displays visions of state policy projects that align with the group's agenda. That agenda includes opposing President Obama's health-care program and climate-change regulations, reducing union protections and minimum wages, cutting taxes and business regulations, tightening voting restrictions, and privatizing education. "The success we show is you guys," she told the assembled state members."

– Jane Mayer, *The New Yorker* (2013)

Coming out of the 2012 elections, Michigan Democrats had good reason to be cautiously optimistic. Not only did President Barack Obama win reelection in their state by a wide nine-percentage point margin, but statehouse Democrats, buoyed by the national elections, managed to close much of the gap in their control of the lower legislative chamber. Republicans in the house lost four seats (Martin 2012). Any hopes state Democrats had that the election would dampen Republicans' conservative zeal, however, were dashed just a month later when the lame duck GOP legislature announced that it was taking up a bill to make Michigan a "right to work" state. That measure would ban unions from requiring workers to pay dues – even if those workers were reaping the benefits of union-provided collective bargaining agreements and protections. Proponents of right to work argued that the measure would protect Michiganders from supporting organizations with which workers disagreed. But the reality was that right to work measures would make it harder for unions to collect dues and attract members, leading labor supporters to decry the proposal as a means of weakening the labor movement and progressives more broadly.

Right to work had previously seemed unthinkable to many political observers in and out of Michigan. The state was, after all, the birthplace of industrial unionism in the United States in the automobile manufacturing plants controlled by GM, Ford, and Chrysler. And even though the United Auto Workers union had suffered big blows as manufacturers fled the state for cheaper, non-union labor in developing countries and the South, Michigan still remained one of the last strongholds of industrial union strength in the country.

Perhaps most importantly, the state's GOP governor, Rick Snyder, had pledged over the previous two years that he would not take up the right to work issue (Weigel 2012). Though undoubtedly conservative, Snyder had a well-earned reputation for being a business-minded pragmatic rather than an ideologue, so Michiganders had good reason to take him at his word. Snyder was, for instance, the only GOP governor not to sign a 2011 letter from the Republican Governors Association calling for the repeal of Obamacare (Jones 2013). But on December 4th, in an abrupt turnabout, Snyder announced that right to work was "on the agenda" in Michigan (Weigel 2012). Hours later, the legislature produced language on the measure, and just two days later, both chambers approved bills that would apply right to work to private and public sector unions alike. It is hard to imagine the bills passing any faster than they did; the legislature did not even bother to hold committee hearings on the bills, and votes were taken within hours of each other (Eggert 2012). When the bills cleared final approval the following week, Snyder quickly signed the measures into law, proudly announcing that Michigan had become the 24th state to prohibit unions from collecting dues or fees from workers as a term of employment. "This is a major day in Michigan's history," Snyder boasted (quoted in Eggert 2012).

The speed with which the legislature acted on right to work belies the months and years of preparation invested in the measure, which should now sound familiar. Start with the actual legislative proposal for right work. The two bills that were drafted by the legislature contained language that was nearly identical to ALEC's "Right to Work" model bill (Fischer 2012a). Three of the proposal's main legislative backers – Senator Arlan Meekhof, Representative Tom McMillin, and Representative Pete Lund – also had longstanding ties to ALEC (Center for Media and Democracy 2015). Meekhof had been an ALEC member back when he was serving in the lower chamber. McMillin had previously introduced a bill that drew heavily from another ALEC model related to health care. And Lund was an active member in ALEC's task forces related to Commerce, Insurance, and Economic Development, as well as Public Safety and Elections. Lund and other Michigan legislative members of ALEC had in fact discussed their intention to introduce right to work bills months earlier at ALEC's annual Spring Summit in Charlotte, North Carolina (Manuse 2012). The Michigan lawmakers would have found a welcome reception to their plan, since right to work has long been a central policy objective of ALEC, and it would have been a subject of discussion and strategizing within the Commerce, Insurance, and Economic Development task force for many years.

ALEC, then, was at the heart of the Michigan measure. But ALEC was not operating by itself. Along the way, ALEC received considerable assistance from two other organizations that were present on the ground in Michigan but had ties to national networks. One of these groups was the Mackinac Center for Public Policy, a conservative, free-market oriented think tank operating in Michigan since 1987. From its offices in Midland, Mackinac publishes research reports, media commentary, and testimony on behalf of right-leaning policy in the state and across the country. Active in a range of issues, including education, taxes, regulation, property rights, and labor relations, Mackinac bills itself as the country's largest conservative state-level policy institute. The Center has long pushed right to work bills in Michigan, promoting the benefits of such a proposal for the state's economic development, migration patterns, wage growth, and employment since at least 1990 (LaFaive 2012). After the legislature's announcement that it was considering right to work, Mackinac staffers went on a media spree, appearing on CNN, Fox Business, and other news outlets to support the proposal (Fang 2012). And aside from those outside pressures, Mackinac had also been working closely behind the scenes with GOP lawmakers elected in 2010 to help orchestrate a right to work push. Email correspondence between right to work legislative champion Representative Tom McMillin and staff at Mackinac has revealed strong interest on McMillin's part in working with the think tank on a right to work campaign (Progress Michigan 2013).

Apart from Mackinac, right to work was further buoyed by the state chapter of Americans for Prosperity (AFP), a national conservative advocacy federation that is a crucial part of the political network organized by right-wing industrial magnates Charles and David Koch (Skocpol and Hertel-Fernandez 2016). Though AFP is centrally directed from its Arlington, Virginia headquarters, it maintains a federated presence across the United States, with paid staff directors in 34 states as of 2015. That structure permits AFP to have considerable leverage in shaping both national and state politics. Like Mackinac, AFP – and the broader network of Koch political groups – has made retrenchment of labor union rights a central priority, and the six-year old chapter in Michigan was a big champion of the 2011 right to work campaign. "Michigan passage of right-to-work legislation will be the shot heard around the world for workplace freedom," AFP-Michigan proclaimed in an early December press release after Snyder announced his intentions (Gardner 2012). The group further explained that a victory "in a union stronghold like Michigan would be an unprecedented win … that would pave the way for right to work in states across our nation" (Gardner 2012).

Drawing from a common political playbook, AFP-Michigan recruited some 300 activists to rally near the capitol in support of the right to work bill, and organized a "Workplace Freedom Lobby Day," in which AFP grassroots activists visited their elected officials to urge them to support right to work (Gardner 2012). As the temperature dropped, AFP-Michigan used the promise of free food, gas gift cards, and a heated tent in front of the statehouse building to encourage protestors to march on Lansing before the vote (Kroll 2012). After Snyder eventually signed the bill, AFP-Michigan praised the measure and later pledged their support of Snyder during the governor's subsequent reelection bid, even as AFP had previously opposed the governor for his more centrist deal-making earlier in his term (Oosting 2014). "Right to work and tax cuts for job creators used to be something economic conservatives could only dream about," explained AFP-Michigan's state director. "We can't forget to thank state policymakers, including Governor Snyder, who helped make those dreams a reality" (quoted in Oosting 2014).

Together, AFP and SPN's local Michigan affiliate, the Mackinac Center, provided important support for the ALEC lawmakers' advocacy of right to work at every step of the way, building the intellectual case for the measure (in the case of Mackinac) and offering grassroots pressure (in the case of AFP-Michigan). The close collaboration between these three national networks in Michigan is not an isolated episode, and as we will see in this chapter, provides an important reason for ALEC's growing success over the years. In this chapter, I explore the evolution of SPN and AFP and how they have buttressed the common policy agenda championed by ALEC. We thus cannot understand ALEC's success without also studying these two other cross-state networks representing corporate interests and conservatives.

Beginning with organizational histories of each of these networks, I then use the example of the drive to cut back public sector union bargaining rights in 2011, as well as state-based opposition to Medicaid expansion in 2013 to 2015, to illustrate more systematically how these three networks coordinate with one another to promote the same policy priorities. These results show how coordination between the right-wing troika helps to account for important variation in recent policy battles across the states, and importantly, documents how these organizations help promote policies that run against the preferences of ordinary citizens and that ultimately exacerbate economic inequality, consistent with the evidence presented in chapters 2 and 3. Given the importance of close coordination between these groups, a natural question to pose is how the coalition between these organizations emerged. In the final analysis in this chapter, I show how strategic philanthropy was essential to encouraging SPN affiliate think tanks to form partnerships with ALEC. SPN's national office directed funds from conservative foundations and wealthy donors to its affiliates that most frequently partnered with ALEC. These findings help to account for the patterns of coalition building we observed across these networks, and also underscore more generally the importance of philanthropy as a mechanism through which political leaders can encourage coordination between disparate political organizations.

The IKEA Model of Conservative Policy Advocacy: State Think Tanks in a Box

In 2013, a group of nearly 800 conservative policy experts, activists, donors, and corporate executives from 48 states descended on the Renaissance Hotel in Oklahoma City, Oklahoma. The assembled attendees were invited to "stake a claim for freedom" as they attended break-out sessions on the major policy threats of the day, like Common Core national educational standards, state-level efforts to subsidize renewable energy production, and the implementation of Obamacare. But the event was not only about discussing upcoming policy battles, or even sharing political strategies. It was also an opportunity for current and prospective leaders of conservative policy groups across the states to share advice for the day-to-day operation of their organizations. So wedged between fiery debates over pension and tax reform were sessions with the more mundane titles of "Turn Likes into Dollars: Use Social Media to Fundraise," "Moving Your Development Program from Candy Sales to Protein," and "The Challenge (and Benefits!) of Building a Highly Effective Board." This was the twenty-first annual meeting of the State Policy Network, the association of state-level, right-wing think tanks in which the Mackinac Center participates.

At the 2013 convening, SPN president Tracie Sharp gave a useful summary of what SPN was all about (recounted in Mayer 2013). Sharp described SPN as pursuing an "IKEA model" of conservative policy advocacy, named after the Swedish home goods conglomerate made famous for its inexpensive assemble-it-yourself furniture. But instead of selling cheap beds and end tables made of pressed wood, SPN conceived of itself as producing policy change across the states around a common set of policy goals: stymieing implementation of President Obama's landmark health care and environmental programs, reducing the power of labor unions, tightening voting requirements, cutting labor market and environmental regulations, and privatizing state services. To achieve that goal, SPN provided "raw materials" and "support" to its affiliate conservative policy groups operating within each state, materials that SPN members could use to design legislative campaigns that worked best given their own local political and economic climates. "Pick what you need," Sharp explained to SPN's gathered members, "and customize it for what works best for you." Sharp went on to single-out Mackinac for praise for its involvement in spearheading the right to work battle in Michigan, bestowing the group's highest distinction, the Thomas A. Roe Jr. award, to Mackinac's president. Sharp held the Center up as a prime example for other SPN affiliates to follow in the way Mackinac had taken advantage of propitious political and economic conditions in their state to push through a longstanding priority for the network (Lopez 2013).

SPN's annual convenings did not always have as large a crowd, or as significant policy victories to celebrate as the meeting in 2013. When the organization was founded in 1986 as the Madison Group, it was at best a loose-knit partnership of twelve state-level think tanks, named after the Madison Hotel in Washington, DC where the think tank representatives were meeting (National Committee for Responsive Philanthropy 1991). Administrative duties were housed in the Heartland Institute, a Chicago-based right-leaning policy group. Constance Heckman, a former executive director of ALEC, chaired the group (SourceWatch 2015). By 1991, the Madison Group had grown to include 55 public policy institutes across 29 states, with an additional 24 national groups, such as ALEC, the Heritage Foundation, and the National Rifle Association, serving as resources for the state affiliates (National Committee for Responsive Philanthropy 1991). Membership in the Madison Group brought with it access to a bimonthly newsletter, shared communications across members, and regular workshops and conferences organized by the Heritage Foundation and the Free Congress Foundation, a conservative lobbying group led by ALEC's co-founder, Paul Weyrich. Most of the initial funding for Madison Group members came from the same sources as ALEC – conservative foundations and private sector firms (National Committee for Responsive Philanthropy 1991, 4).

It was not a coincidence that SPN relied on nearly the same funding sources as ALEC during these early years. That was because an ALEC leader in the 1980s saw that the Madison Group's initial attempts at fundraising "basically fell by the wayside" in an already crowded field of right-wing political advocacy groups.[66] That ALEC leader took the relatively unprecedented step of opening up ALEC's donor list to the Madison Group, and even inviting the Madison Group to use ALEC's contacts at various companies and foundations to raise much-needed capital for the burgeoning network of think tanks. As he noted, most of the time with conservative non-profits, "everyone is all proprietary," saying "you can't come, you can't see our guest list" given that every new group represented a potential competitor for scarce donor resources. The ALEC leader also "got them [the Madison Group] participating" on a regular basis in ALEC, and even waived ALEC's hefty task force and conference participation dues to encourage Madison Group attendance at each of ALEC's events. Of course, the ALEC leader was not simply acting out of the goodness of his heart in fostering close ties with the Madison

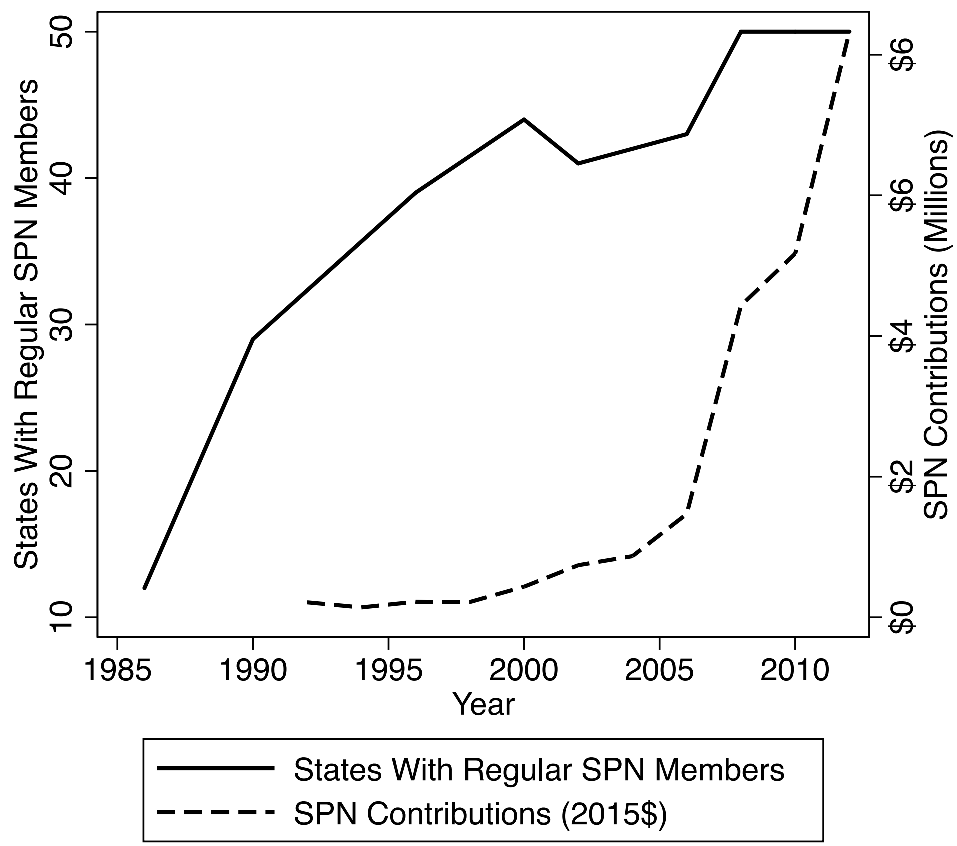
[66] Author interview with former ALEC leader, September 30, 2015.

Group. He readily explained that "the more I can do to get [other groups] involved, working with more state legislators, the better for me. I never did see it as a zero-sum game," he summed up; "let's make a bigger pie." That attitude would prove to be essential for both the rapid growth of SPN over time, and also the development of a close relationship between SPN and ALEC. The notion that philanthropy can be an effective tool for encouraging non-profit groups to collaborate with one another will be a theme to which we will return later in this chapter.

Major changes would come to the Madison Group in the early 1990s, when the association was formally incorporated as a non-profit organization called the State Policy Network. The number of states with SPN members inched up by ten over the next five years, as indicated in Figure 4.1 below, which tracks SPN's presence across the states and the contributions that the national SPN office has received from philanthropies, companies, and other donors. Still, SPN's overall resources remained minimal over this period; on average SPN was only receiving $192,000 per year in contributions from its donor base. Things began to look up after an additional round of reforms to the group in 1998 and 1999. SPN reorganized its board, focused more intensively on corporate fundraising, and began to provide a much more comprehensive set of services to its members. Contributions to the group skyrocketed, especially by the mid-2000s, as evidenced by the massive increase in grants to the group from 2005 onward. From 2005 to 2010, contributions to SPN grew by over 300%. These contributions, however, did not come from a broader set of donors. Rather, SPN had managed to secure larger donations from the same – if fewer – number of donors. In 2000, for instance, SPN relied on 16 grants ranging from $6,075 to $70,000 and averaging about $20,400. But by 2004, SPN's donor base fell to eleven sources, but the average grant had jumped to $115,000, with five donors giving over $100,000 per year.

While the identity of these donors is unknown, the patterns are consistent with SPN's push to fundraise more from corporate sources, rather than conservative philanthropies (SourceWatch 2015). And the Center for Media and Democracy has documented donations during this period from many of the same corporate members as ALEC, including tobacco manufacturers, Microsoft, AT&T, GlaxoSmithKline, Kraft, Comcast, and TimeWarner (SourceWatch 2015).

Figure 4.1: The Growth of the State Policy Network



Notes: SPN contribution data from IRS tax filings; SPN affiliate information from archived websites

By the late 2000s, SPN could count over sixty think tanks as members, and was active in a range of policy debates. Collectively, SPN members commanded budgets surpassing $78 million as of 2013, and averaged about 267 citations apiece in local, state, and national newspapers. SPN was also producing a much more extensive set of benefits and services for its affiliates as well. Thanks to the generosity of its new corporate donors, SPN was able to provide grants to affiliates for general operating support, as well as specific projects. In 2014, SPN's national offices made 32 grants averaging about $56,000 apiece – no small amount given that the typical think tank's budget in that year was just under $700,000. SPN also began taking regular surveys of its members to figure out to which policy issues and activities each affiliate was committing, and the areas where the national office could help. And of course SPN was hosting large meetings each year for its affiliates, donors, and other partners, like the one where Mackinac was honored in 2013.

Ties between ALEC and SPN have only strengthened ever since ALEC's head opened his donor lists for the Madison Group. On an institutional level, SPN is a member of ALEC (and vice versa), and many SPN members serve as private sector members on ALEC's task forces. At last count, some 22 affiliates had formal membership in ALEC working groups. SPN encourages such ties, seeking donor funding to pay for more of its affiliates to cover the hefty dues to join ALEC's task forces. This was a priority for current SPN head Tracie Sharp, who made a push for fundraising to pay for ALEC dues beginning in the mid-2000s. After that, SPN affiliates "have been at the table with state legislators and other private sector members to draft model legislation," glowed one SPN newsletter in 2009 (SPN 2009). Sharp was recognized for her efforts to bring the two groups closer together with the receipt of the 2009 ALEC Private Sector Member of the Year Award. As one SPN think tank president noted: "This is a well-deserved award. Not only have SPN members assisted legislators in drafting [ALEC] model legislation, they've been key in killing some proposals by 'rent-seeking' special interests [along with ALEC]" (quoted in SPN 2009). Beyond the official ties between SPN members and ALEC, SPN affiliates in the states work closely with ALEC's legislative members to produce research and commentary supportive of ALEC model bills, as we saw in Michigan. But SPN was not the only conservative network aiding the right to work battle in Michigan and we will now turn to the second member of the right-wing troika bolstering ALEC lawmakers: Americans for Prosperity.

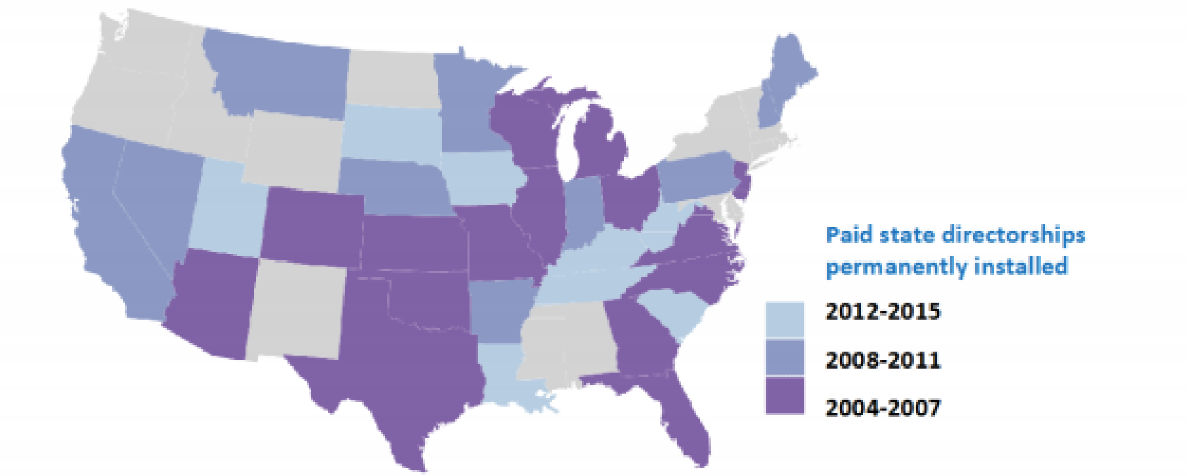
The Eight-Hundred Pound Gorilla of the Koch Network: Americans for Prosperity

At an estimated wealth of $41 billion each, Charles and David Koch are tied for fifth place in the Forbes 400 ranking of the richest Americans in 2015; combining their wealth together puts them above even Bill Gates (Forbes 2016b). The brothers' wealth comes in large part from the business conglomerate, Koch Industries, they inherited from their father, which has grown into the second largest privately held firm in the United States (Forbes 2016a). Employing around 100,000 workers, Koch Industries produces goods and services across a range of sectors as diverse as oil processing, finance, paper products, and ranching (Forbes 2016a). Charles and David's political activities have increasingly become as ubiquitous as their products – but with substantially more controversy (e.g. Schulman 2014). The mere invocation of the moniker "Koch brothers" now seems to provoke for many an image of billions of dollars in "dark money" flowing throughout the American political system (Mayer 2016).

But while it is true that Charles and David have invested large and unprecedented sums of their own money into politics, the conventional perspective that focuses exclusively on the size of their political contributions to policy advocacy groups, think tanks, and electoral campaigns misses out on the organizational changes to the political terrain that the two brothers have wrought that are even more striking than their spending (see especially Skocpol and Hertel-Fernandez 2016). Starting in the 1970s, these two brothers have seeded and supported a vast array of new political groups that have collectively replaced many of the core functions of the traditional Republican party (Mayer 2016; Skocpol and Hertel-Fernandez 2016).

At the center of all of these organizational changes has been Americans for Prosperity – what Theda Skocpol and I have called elsewhere the "800 pound gorilla" of the Koch network of political organizations. Started in 2004 from the remains of an earlier Koch-backed political lobbying group (Citizens for a Sound Economy), AFP was intended to be a grassroots policy and electoral advocacy network with a presence across the country. In 2004, the group had a budget of only about $2 million and chapters in three states. But just three years later, the group had revenues of over $9 million, with 58 national and state staffers and an organizational presence in 15 states that collectively covered just under half of the U.S. population (see Figure 4.2). AFP has only grown from there, and in 2015 AFP could count on a budget of $150 million, about 500 national and state staffers, 2.4 million grassroots activists, and an organizational presence in 34 states. The size of AFP has led one political reporter to call the group America's "third-biggest political party" (Bump 2014b) and in fact AFP even rivals the GOP on several dimensions (Vogel 2015).

Figure 4.2: The Growth of Americans for Prosperity



	Budget (millions $)	National & state staff	Millions activists nationwide	Activists per staffer	State directors	% U.S. pop in staffed states
2005	3.8	19	0.2 est.		5	16%
2007	9.2	58	0.7	12,069	15	47%
2009	27.1	74	0.9	12,162	19	61%
2011	50.8	106	1.58	14,868	25	70%
2013	57.6	115	2.24	19,443	28	75%
2015	150	500	2.43	4,858	34	80%

Sources: Archived AFP webpages; media reports.

Notes: Skocpol and Hertel-Fernandez 2016.

What makes AFP especially effective and fascinating as a political organization is the fact that it combines central direction – policy agendas and larger strategy are set from AFP's national headquarters in Arlington, Virginia – with a federated structure that incorporates ordinary conservative grassroots activists, who can be mobilized as needed for political campaigns, as well as paid state and regional staffers who are embedded in the local political landscape (on the effectiveness of federated political groups, see e.g. Skocpol 2004). Most state directors have previously served in Republican politics, and many will return to work for GOP campaigns, offices, and organizations after their tenure at AFP (Skocpol and Hertel-Fernandez 2016). These directors organize grassroots supporters to stage rallies, write, call and visit elected officials, and contact the media. Directors also deploy funds from the treasury controlled by

AFP's headquarters to run television, print, radio, and TV ads supporting issues and candidates the group has endorsed, and opposing those that threaten the group's agenda.

AFP directs this political clout in both policy and electoral campaigns, seamlessly moving from electing very conservative state and federal lawmakers to aggressively lobbying those same politicians to obtain their preferred legislation (Skocpol and Hertel-Fernandez 2016). The policies sought by AFP follow the hardline libertarian priorities of the Koch network more generally: an intense focus on economic and environmental deregulation, cutting spending and taxes, rolling back social welfare programs, promoting individual property rights, and defeating labor unions, especially in the public sector.

AFP's policy goals align closely, but not perfectly, with those of ALEC and SPN. AFP certainly finds common cause with ALEC and SPN on anything related to cutting labor market regulations, lowering taxes, or defanging unions. But things get more complicated when business-friendly regulations or spending are on the agenda. ALEC and SPN represent coalitions between corporate and conservative interests, and many of the corporate bills that ALEC has lobbied for involve business-friendly forms of spending or regulation, like pushing for more favorable public contracting to private service providers. In contrast, AFP and the Koch network remain staunchly opposed to nearly any public spending or regulation, regardless of whether that spending flows to the private sector. Indeed, on a national level AFP's anti-government stance has increasingly positioned it to the right of even the U.S. Chamber of Commerce on a range of debates, like the reauthorization of agricultural subsidies, infrastructure projects, and support for U.S. exporters (Hertel-Fernandez and Skocpol 2016). In general, we should expect more coordination between the three groups on issues of common ground, especially unions and labor market regulations.

The One-Two-Three Punch Demobilizing State Public Sector Labor Unions

Does the coordination between the three right-wing state networks matter? It might be the case that the states in which the troika are strongest are also those that have very conservative publics or elected officials, in which case these organizations might be responsible for helping right-leaning lawmakers draft, enact, and implement bills – but lawmakers might have passed those same bills even in the absence of the troika's efforts. To examine the independent effect of the strength and coordination between the three networks, we can first turn to an issue that the troika members have all highly prioritized and is also strongly polarized between the two parties: public sector labor union collective bargaining. This is a case where we might think that politicians' preexisting partisan and ideological commitments would clearly outweigh any additional influence of ALEC, AFP, and SPN – in short, a very hard test for capturing the causal effect of the right-wing networks.

The troika has targeted public sector labor unions for defeat given the dual payoffs from a weakened public union movement. Not only can the troika accomplish a key ideological objective of creating freer markets, but demobilizing the public sector labor movement also eliminates an important source of political funding and strength for the progressive left. As we saw in chapter 1, ALEC was founded in many ways as a response to the organization of public sector workers in the 1960s and 1970s, and SPN and AFP have prioritized similar goals of reducing the scope of issues on which public unions can bargain, limiting the ability of unions to collect dues from members, and curbing the ability of unions to spend in elections and political campaigns.

AFP president Tim Phillips explained why the Koch network and its allies were so centrally focused on defeating public sector labor unions in a revealing speech to a right-wing training institute in 2011. Conservative Republicans have seen their agenda defeated time and again, Phillips argued, because they did not "have an army on the ground," while the left enjoys the support of "the public employee unions, which have only gotten stronger, have only gotten better-funded, have only gotten better organized" (quoted in Stan 2011). To succeed in promoting their agenda, Phillips made clear, conservatives would need to defeat the public unions. "We go back a long way on this," Phillips summarized on the public sector labor issue (quoted in Vogel 2011).

State battles over the rights of public sector unions to bargain collectively came to a head that year. (States, not the federal government, set the rules for state and local public employee bargaining.) Faced with dramatic declines in revenue following the economic contraction that began in 2007, state legislators opposed to public sector unions used debates over budgets to introduce measures that weakened public sector bargaining (Freeman and Han 2012). These lawmakers claimed that public unions were a major cause of both short- and long-run state fiscal shortfalls, and thus that eliminating public sector bargaining would improve state finances. This trend began in Wisconsin, where newly elected conservative GOP governor Scott Walker signed into law a budget bill that included provisions to end substantive collective bargaining for the vast majority of the state's employees. Following Wisconsin's lead, a number of other states began to consider, pass, and enact cuts to public sector labor unions. A close look at state action in this legislative session thus provides an ideal opportunity to see what – if any – role the troika played in supporting these campaigns above and beyond other political and economic conditions in the states. In all, 15 states had legislatures that passed such measures, including some reliably conservative states like Indiana, but also some more moderate states like Pennsylvania and Illinois.

To measure the presence of, and coordination between, the members of the right-wing troika of AFP, SPN, and ALEC, I have constructed an index, varying from 0 to 1, consisting of the following components, which I have coded for 2011 for each state:

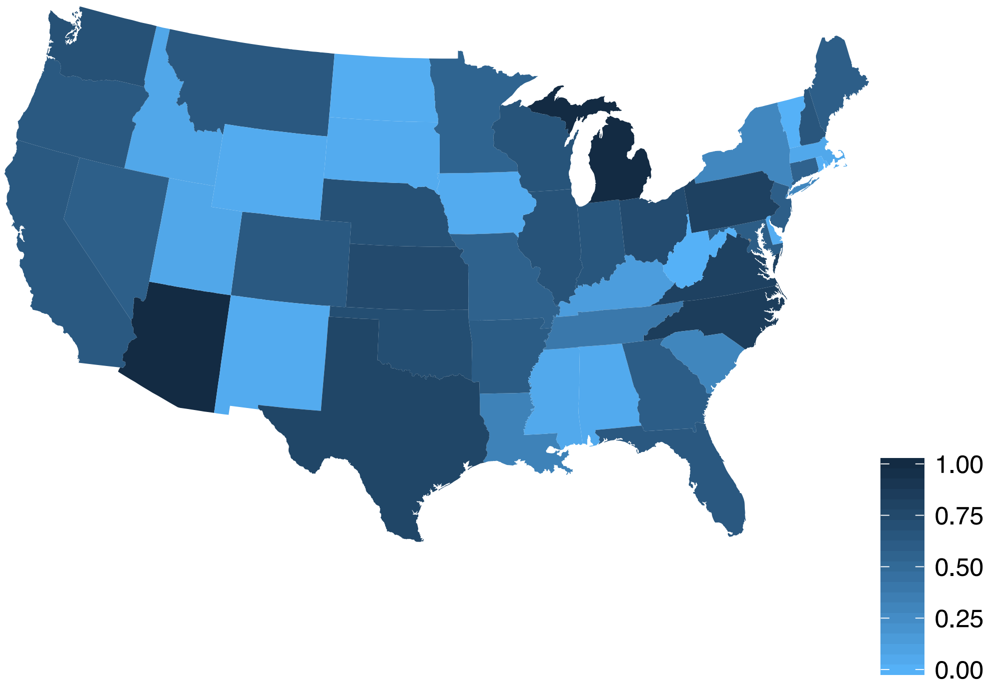
AFP index: A state received one point if AFP had a paid state director in 2011, an important measure of AFP's institutionalized presence in a state (data from Skocpol and Hertel-Fernandez 2016). A state received an additional point if AFP produced an annual scorecard rating the votes of state lawmakers as of 2011 (based on my review of archived AFP websites). Such scorecards are indicative of close attention by AFP state staffers to legislative activities that might not be present in all states. Lastly, states received one point for organizing an event or publishing material about public sector unions and another point for being featured on the AFP national website, respectively (based on my review of archived AFP websites). These final indicators should provide a measure of the degree to which AFP chapters were committed to this specific issue in 2011. Each state could thus range from a minimum possible AFP score of zero (as in Massachusetts or Wyoming) to four (as in Arizona and Michigan). The median AFP index was two.

SPN index: I measured two aspects of SPN's presence in states. First, I summed the total budgets of all SPN affiliate think tanks in a state as an indicator of SPN's total resources (using data from IRS tax filings). Second, I reviewed each affiliate's website in 2011 to see whether or not at least one affiliate in a state had published material on public sector labor unions in that year. If so, the chapter received a single point. Standardizing these two variables, I found the lowest values in Iowa and South Dakota, which had relatively under-resourced SPN affiliates and also did not publish research on public sector unions. The highest values of SPN strength registered in Michigan and Arizona, where affiliates had larger budgets and had also devoted significant staff time to publishing work decrying public sector labor unions.

ALEC index: I captured ALEC strength in two ways. First, I counted the number of state lawmakers participating on ALEC's task force on Commerce, Insurance, and Economic Development, the main task force responsible for producing model bills related to labor union policy (using data from SourceWatch 2012). I expect that states with more lawmakers serving on this task force will be better equipped to move policy related to weakening the labor movement. Secondly, to gauge coordination between ALEC and state SPN affiliates, I created an indicator counting the total number of ties that SPN affiliates in a given state had with ALEC. So for instance, Arizona's Goldwater Institute had served on six task forces for ALEC in 2011, setting this indicator at six. Affiliates with stronger institutional ties with ALEC ought to be better positioned to work together with ALEC's legislative members to pass bills. 39% of states had SPN affiliates that had developed institutional ties with ALEC, and the typical state with ties between SPN and ALEC had an average of three such partnerships. While I would ideally also create a measure of coordination between ALEC and AFP, as well as SPN and AFP, it is much harder to come up with observable characteristics of the collaboration between AFP and the other members of the troika. Unlike with SPN, AFP does not tend to have, for instance, visible ties with ALEC that could be coded one way or another.

Standardizing each of these three sub-indices together produced the following scores of right-wing network coordination on public sector labor policy, plotted in Figure 4.3. These scores, which are scaled from 0 to 1, run from 0 in West Virginia to 1 in Michigan.

Figure 4.3: Right Wing Network Coordination on Public Sector Labor Union Policy, 2011



Notes: See text for data sources. 1 indicates highest score; 0 indicates lowest score. Hawaii has a score of 0.23 and Alaska has a score of 0.015.

What other factors might explain where states cut back public sector labor union bargaining rights? Aside from right-wing network coordination, I account for the following alternative explanations across the states in 2011:

Partisan control of government: Given that public sector labor unions are such an important member of the Democratic political coalition, we might expect that cutbacks in public sector bargaining rights would be much more likely to occur when Republicans controlled more levers of state government. I account for this factor by counting the number of veto points controlled by Democrats in 2011, ranging from zero to three (governorship, lower chamber, and upper chamber; data from the National Conference of State Legislatures). Democrats fully controlled 11 states and Republicans fully controlled 21 in 2011.

Mass attitudes towards public sector labor unions: Some scholars have argued that the mass public has turned against public sector unions because of increasing economic insecurity and resentment among private sector workers (e.g. Ahlquist 2012; Cramer 2016). Accordingly, we might expect that lawmakers would be more likely to cut public sector labor rights in states where citizens had turned against public sector employees. To measure this factor, I pooled together four nationally representative surveys fielded in early 2011 to estimate the share of adults in each state in that year that favored cutting public sector labor union bargaining rights (details in chapter appendix). On average, about 40% of adults supported cuts to public sector bargaining rights.

Economic conditions: Supporters of cutbacks to public sector bargaining rights during 2011 often grounded their arguments in budgetary terms. "We must take immediate action to ensure fiscal stability in our state," argued Wisconsin GOP Governor Scott Walker when introducing his measure curbing public sector bargaining rights. The union bill "will meet the immediate needs of our state and give government the tools to deal with this and future budget crises," he further explained (Office of the Governor 2011). It was the economic recession that began in 2007, in turn, that brought on the fiscal strains felt by the states (Gerst and Wilson 2010). Therefore, we might expect more support for cutting back public sector bargaining rights in states that were harder-hit by the recession. To measure this factor, I include the unemployment rate across the states in 2011 (data from the U.S. Bureau of Labor Statistics).

Private sector union strength: Finally, we might expect that where public sector labor unions had stronger allies in the private sector, lawmakers would be less likely to remove public sector labor bargaining rights (see especially Ahlquist 2012). It was private sector labor unions, for instance, that helped public sector unions to gain collective bargaining rights in the 1960s and

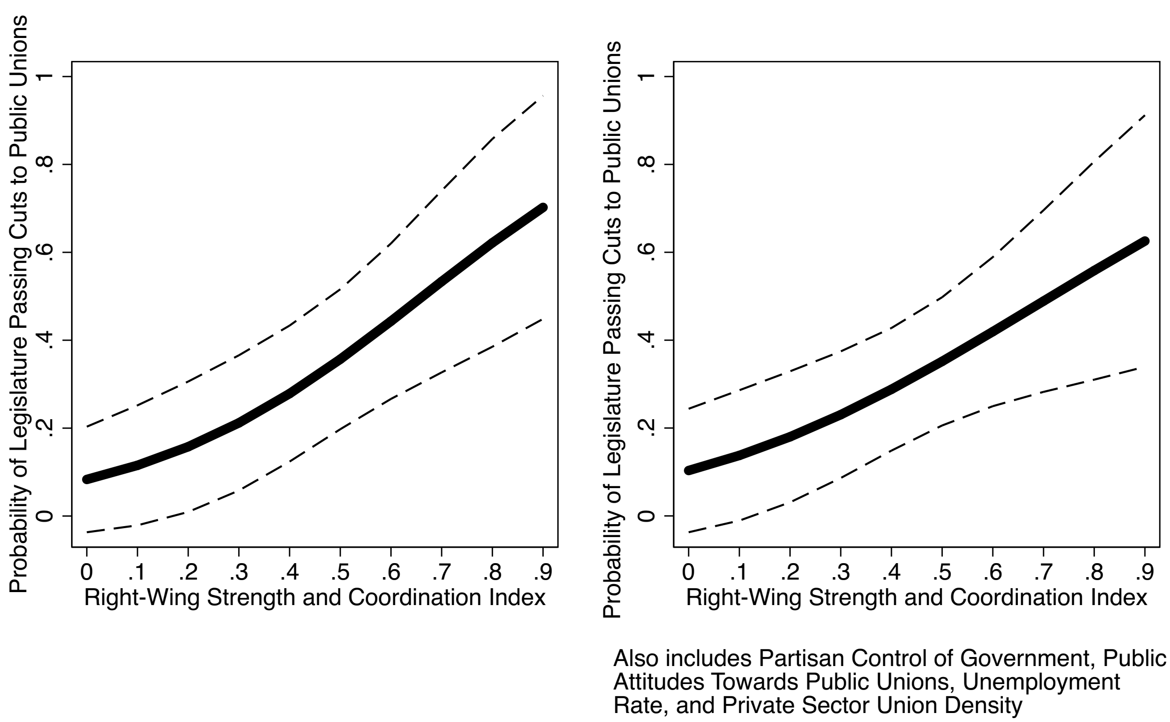
1970s (Walker 2014), and as a result we might expect that these private unions would also defend public sector unions in present day. I measure private union strength with the share of wage and salary earners in the private sector who were members of labor unions in 2011 (data from the Current Population Survey).

Figure 4.4 plots the relationship between different levels of right-wing network strength and coordination and the probability that a state's legislature would have voted to cut public sector labor union rights in 2011, drawing on results from a logistic regression (full regression results in chapter appendix). Note that in these regression models, I am restricting my analysis to only the 44 states that recognized the right of public sector unions to bargain collectively at the end of 2010, since in the remaining states legislatures could not retrench bargaining law any further.

The left-hand side plot of Figure 4.4 shows the relationship between right-wing network strength and the probability of a cutback in bargaining rights controlling for no other state factors. The thick black line shows the estimated change in the probability of cuts, and the dashed lines indicate standard 95% confidence intervals. As this plot shows quite clearly, states with higher levels of right-wing network strength and coordination are substantially more likely to cut back public sector bargaining rights. Moving from the lowest to the highest level of troika strength is predicted to increase the probability of legislative action on cuts to public bargaining by over 60 percentage points.

Does the picture change once I account for other possible explanations of public sector union cuts in 2011? The right-hand side plot of Figure 4.4 shows the same relationship between the strength and coordination between SPN, ALEC, AFP after accounting for the four alternative explanations I outlined above: partisan control of government, mass attitudes towards public unions, economic conditions, and private sector union strength. Even including these alternative factors, however, we continue to see a strikingly similar relationship between right-wing network strength and legislative cuts to public unions. States with more robust right-wing networks and greater coordination between the conservative groups were substantially more likely to cut public sector unions; states with the highest level of right-wing network strength and coordination are over fifty percentage points more likely to pass public sector bargaining cutbacks than states with the weakest level of right-wing networks.

Figure 4.4: Right-Wing Network Strength and Coordination and Cuts to Public Sector Bargaining Rights, 2011



Notes: Figures based on logistic regression results; see appendix for full results. Left-hand side plot has no controls; right-hand side plot includes controls. Dashed lines indicate 95% confidence intervals.

One question is whether the analysis I have conducted does a better job of predicting where legislatures made cuts to public sector unions with just the variable measuring the presence of ALEC in a state, or whether it is the combination of the variables measuring the strength and coordination of all three groups together that produces the best predictions. Finding evidence of the latter hypothesis would greatly bolster my conclusion that it is the activity of the three networks operating together, rather than simply ALEC, that best accounts for variation in public bargaining rights cuts in 2011.

Repeating the same regression but replacing the right-wing network strength and coordination variable with simply the number of state lawmakers participating in the economic development ALEC task force indicates that the regression model has a much stronger fit when I include the full set of troika variables. The regression model with only the ALEC strength variable, rather than the full right-wing strength index, has much lower predictive power. The model with only ALEC explains 40% less of the variation in public sector union cuts compared to the model with the full right-wing strength and coordination index.

Aside from right-wing coordination, my analysis reveals that only partisanship exerted a clear effect on the probability of legislative action on public sector union cuts. Moving from a fully Democratic to a fully Republican state government is predicted to increase the probability of legislative action on public sector labor union cuts by nearly forty percentage points, about the same effect size as the right-wing strength and coordination index. Perhaps surprisingly, neither economic conditions nor public attitudes seemed to matter as state legislators were deliberating over whether to pass bills that would curb the bargaining rights of public unions.

The state-by-state quantitative model helps us to see the importance of the right-wing networks relative to other major political and economic forces. But can we see the role of these groups when we drill down to the individual legislator level, as I did in chapter 3? Such an analysis could show how the right-wing networks mattered above and beyond the effects of legislators' individual ideological commitments and opposing interest groups, especially labor.

Accordingly, I collected all available roll call votes on the fifteen measures cutting back public sector collective bargaining I examined earlier, looking at how each state representative or senator voted on those bills. In all, I was able to compile voting records for nine states: Idaho, Illinois, Indiana, Michigan, New Hampshire, Ohio, Oklahoma, Pennsylvania, and Wisconsin.

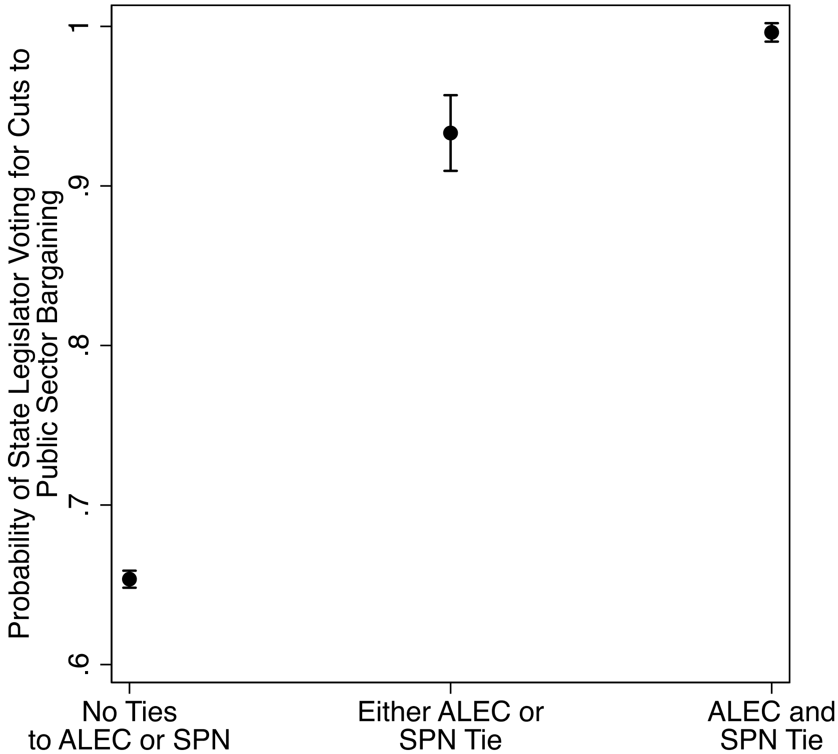
For each legislator in those states, I gathered information on their vote, their partisan affiliation, their ideological orientation (as measured on the standard left-right scale described in chapter 3; Shor and McCarty 2011), and the share of their district employed in state or local government, as an indicator for the strength of the public sector labor movement in their district. I also went through all of the internal ALEC records I collected to see if lawmakers were members of the group. Finally, I searched through records of legislative proceedings in each state to see if members referenced the research or work of their state's local SPN affiliate. I combined the ALEC and SPN measures together to create an indicator of the extent to which each legislator relied on these two right-wing networks, coded as zero if a lawmaker was neither a member of ALEC nor had relied on SPN think tank work, one if a member was either a member of ALEC or had relied on SPN research, and two if a member was both an ALEC member and had referenced SPN's commentary and analysis in legislative proceedings. Seventeen percent of lawmakers in these states were either ALEC members or had relied on SPN research in the 2011-2012 legislative session. (Since AFP does not work directly with lawmakers, it is unclear how to operationalize the relationship between AFP and legislative votes on public union cutbacks.)

If the right-wing troika were indeed exercising an independent effect on the behavior of state lawmakers, we would expect to see that members who were participating in ALEC and relying upon work from SPN would be more likely to support measures to cut back public sector collective bargaining, even net of their ideological orientation, their party, and their exposure to public sector labor unions in their districts. The alternative hypothesis is that the relationship between right-wing network reliance and votes on public sector bargaining is merely explained by the fact that more conservative or Republican lawmakers are more likely to turn to these conservative groups *and* to support cuts to public sector bargaining. Similarly, I include a measure of the strength of public sector unions in each district to capture the fact that lawmakers who are heavily dependent on the votes of public employees might be less likely to vote for cuts to public sector bargaining and to join ALEC or rely on SPN in the first place.

Contrary to these concerns, my analysis reveals very strong support for the idea that legislators who relied on the right-wing networks were more likely to back cuts to public sector labor unions – even after I took into account other plausible explanations for this relationship (see appendix for full regression results). Figure 4.5 shows the predicted probability that an individual state lawmaker voted in favor of final passage to cuts to public sector bargaining. I plot the probabilities for a member who had no ties to either ALEC or SPN, had a tie to one of those groups, or had a tie with both of those groups, *after* taking into account partisanship, legislative ideology, the share of employees in a district employed in the public sector, and state fixed effects.

Members who had no ties to either ALEC or SPN had a 65% probability of voting in favor of collective bargaining cutbacks, but that increased to 93% for members who had at least one tie to ALEC or SPN – an 18-percentage point increase. That probability increased even more, by six percentage points, to 99% for the members who were both ALEC members and had relied on the research and analysis of SPN affiliates. In sum, even looking across individual lawmakers, I find that the right-wing networks – especially ALEC and SPN – played a crucial role in shaping legislative votes on final bill passage – a point in the policymaking process where we might expect party and ideology to otherwise swamp any other effects.

Figure 4.5: Right-Wing Network Reliance and State Legislator Votes on Public Sector Bargaining Cuts, 2011



Notes: Figure shows the change in the predicted probability of a state lawmaker voting in favor of final passage of legislation to cut back public sector collective bargaining rights in 2011. Controls added (see text). States included are Idaho, Illinois, Indiana, Michigan, New Hampshire, Ohio, Oklahoma, Pennsylvania, and Wisconsin. Lines indicated 95% confidence intervals.

The two quantitative analyses illustrate the broad relationships between right-wing network strength and coordination and legislative action on this issue, but cannot show the specific ways in which the three organizations coordinated and bolstered one another's efforts. For such an example, we can turn to the battle over Wisconsin's controversial Act 10, which among other changes effectively ended most public sector collective bargaining in the state. Act

10 offers a clear case of how the three troika members converged in support of common policy goals against public sector labor unions.

Newly elected GOP governor Walker introduced Act 10, or the Budget Repair Bill, shortly after assuming office in early 2011, ostensibly in response to the state's budget gap (Hernandez 2011). The state's Democratic contingent in the legislature, as well the largest public sector union, initially signaled that they could negotiate on the budget cuts, but not the changes to collective bargaining (Walker 2011b). Refusing to compromise, Walker pushed ahead with the full proposal, spurring massive protests from union members and sympathetic citizens (Kroll 2011). Critics of the legislation pointed out that cutting bargaining rights would not directly improve the state's budget situation, and noted that the changes to collective bargaining seemed targeted to Walker's political opponents more than anything else. The restrictions on collective bargaining, for instance, did not apply to public safety officers, workers who tended to lean much more Republican than other public employees (Drum 2011).

The troika members were present at every step in the legislative process. Walker himself was a longtime ALEC participant as a member of the state legislature (Fischer 2012b). Subsequently as governor, many of the initial measures he pushed through the legislature before the budget bill came directly from other ALEC model bills intended to reduce the ability of consumers to bring tort suits against companies (Fischer 2012b). The budget bill itself contained many provisions from ALEC models, including the legislative language stripping public unions of most bargaining rights. And aside from Walker, the top GOP leaders in both the lower and upper chambers were also longtime ALEC participants and active members in a number of issue areas, as were many of both chambers' more junior members (SourceWatch 2012). ALEC, then, was an important resource for many of the key lawmakers throughout Wisconsin's government.

Walker and his legislative allies were further bolstered by AFP's outfit in the state, which had been operating continuously at that point for seven years, making it one of the first installed chapters in the state network (Skocpol and Hertel-Fernandez 2016). Indeed, even before Walker had assumed office, AFP had been working with the Wisconsin politician to craft a legislative agenda for the state that included, at the top of the list, cuts to public sector collective bargaining rights (Lipton 2011). Once the union protests were underway at the capitol, AFP organized demonstrations in Madison, paying to bus in hundreds of supporters of Walker's measure from across the state (Kroll 2011). The legislative battle was such a high priority for the network that it flew out Tim Phillips, AFP's national president, to address one of the group's counter-rallies. Apart from grassroots mobilization, AFP also bought at least half a million dollars worth of TV and radio ads to support Walker and the budget bill during the standoff (Walker 2011a).

SPN's affiliates in Wisconsin were out in full force as well. The MacIver Institute, one of the two SPN members in the state, published an editorial just weeks after Walker's election in 2010 calling for a repeal of collective bargaining for public employees – precisely the proposal eventually included in Act 10 (Fraley 2010). MacIver's prescient backing of the measure should not come as a surprise since the organization had been supporting and working with Walker since 2008. As one journalist explained, "MacIver not only helped lay the policy groundwork for Act 10, it also helped manage its aftermath" (Woodruff 2015). During the protests at the Capitol, for instance, MacIver dispatched interns to film supporters of Act 10 and clips from that video went viral in the conservative blogosphere. MacIver's work, in turn, was crucial to embattled Republicans in the legislature behind the push for Act 10. "All the naysayers were saying that Act 10 was the worst thing in the world, that the sky was going to fall, and that there wouldn't be enough teachers to teach classes, school sports would end," explained one Republican Senator, Leah Vukmir, who was a champion of the collective bargaining cutbacks. "[MacIver] highlighted the positive things that were happening. Those weren't easy to find in the beginning" (quoted in Woodruff 2015). Once the governor became the target of a contentious but unsuccessful recall election initiated by state Democrats, AFP's Wisconsin chapter worked with MacIver to spend at least $2.9 million to run ads proclaiming that the controversial budget bill, including the cuts to public employee bargaining rights, was working, and coordinated on grassroots events such as town halls and other rallies to support the governor (Fischer 2012b).

MacIver was also assisted by the Wisconsin Policy Research Institute, the other local SPN affiliate with longstanding ties to Walker (Healy and Davey 2015). The Institute had played a major role in encouraging Walker to deal with the unions as a means of addressing the state's budget crisis. "Some people in the Walker campaign were scratching their heads about how to deal with union health and pension costs, and we supplied the ideas," explained the Institute's head at the time (Healy and Davey 2015). Between ALEC, SPN, and AFP, then, Walker was buttressed by a "longstanding conservative alliance against unions," in the words of two *New York Times* journalists.

Five years after Walker's contentious legislative battle, it already looks like the right-wing troika has succeeded in weakening the state's labor movement. While more than half of Wisconsin's public employees were unionized before Act 10 passed, only a quarter of them remained members at the start of 2016 – a shocking 50% reduction. With diminished ranks, the unions also have less clout in politics, especially in local and state politics. Lamented one Democratic operative in Madison, "maybe we can win high-profile races because Wisconsin still leans slightly Democratic, but at the level where Walker has produced the most profound change, it may prove very difficult to turn that around. That's where we pay the price" (quoted in Davey

2016). A public union leader in the state summed up the situation even more succinctly: "Do we have less boots on the ground? Yeah. Do we give the same amounts of money to the candidates? No" (quoted in Davey 2016).

This brief vignette and my broader quantitative analyses show that the right-wing troika had a clear – and independent – effect on important policy outcomes across the states, above and beyond other factors that we might think would matter, like partisanship. Where AFP, ALEC, and SPN were stronger, focused more intensely on public sector union policy, and coordinating more closely with one another, state legislatures were much more likely to pass bills cutting bargaining rights. Equally importantly, this analysis also underscores the fact that at least in this very important domain of economic policy, public attitudes did not seem to matter much in comparison to the activities and agendas of organized interest groups. As we will see, this conclusion is further underscored by another case study of the troika in its battles against the Affordable Care Act.

The Conservative Troika and the Offensive Against State Medicaid Expansion

A major component of the Affordable Care Act (ACA) – the landmark health reform legislation signed into law by President Obama in 2010 – was the extension of affordable health insurance to millions of Americans. Much of these gains in coverage – perhaps half – were anticipated to come from expansions of state Medicaid programs to cover previously ineligible poor adults (CBO 2010). To encourage the states to expand their Medicaid programs, the federal government had promised to cover the full cost of these newly eligible enrollees in the first few years of the ACA, and then 90% of the costs thereafter. States that did not expand were threatened with the prospect of losing all of their existing federal support, a hefty stick to complement the generous carrot of new federal subsidies. Under those terms, policy analysts had expected that all of the states would quickly move to participate in the Medicaid expansion (Angeles 2012). All of that calculus changed, however, after the Supreme Court issued its 2012 ruling on the constitutionality of the Affordable Care Act. Although a bare-majority of the justices voted to uphold the Act as a whole, they also decided that states could have the right to opt out of the Medicaid expansion without the threat of losing existing federal funding. That provision of the Supreme Court ruling opened the door for GOP-controlled states to choose not to participate in the health reform program – leaving millions of Americans uninsured and undermining the ACA's coverage expansions.

At the start of 2016, 31 states had decided to expand their Medicaid programs as part of the ACA with 19 other states still holding out. While expansion was disproportionately concentrated among liberal and Democratic states during the first possible year states could move to expand Medicaid (2012), in the ensuing years it has been a mix of both Democratic and Republican states that have opened their Medicaid programs to the ACA's new enrollees. Seven fully Republican-controlled states, for instance, expanded their Medicaid programs from 2013 to 2015. What explains why expansion proceeded and failed in these red states? Duplicating the analysis I conducted above with public sector labor union cutbacks, I anticipate that states where the right-wing networks were more active would be more likely to reject expansion, given that all three groups have made stopping Obamacare a central priority.

Consider ALEC first. Since its early years, the group's task force on health care has promoted measures that would limit government involvement in health coverage by replacing public health insurance programs with private savings accounts or vouchers. More generally, that task force has taken moves to ensure "that any healthcare reform implemented at the state level would benefit insurance companies far more than policyholders," according to one former health insurance lobbyist (Potter 2011). Later, at the start of the Obama administration, ALEC's insurer members were so fearful of health reform under the new Democratic president that might introduce public competition with private health insurers that they drafted and passed the "Freedom of Choice in Health Care Act," a model bill intended to signal state opposition to federal health reform (Potter 2011). After the ACA was signed into law, ALEC urged states to pass model bills it had drafted to undermine the implementation of the health reform program, compiled in *The State Legislators Guide to Repealing Obamacare* (Herrera 2011).

Across the states, SPN affiliates joined forces with ALEC to oppose the ACA, both during its legislative drafting and implementation. In 2009, for instance, a number of SPN affiliates received grants to work on health reform-related issues, ultimately publishing a series of similarly-worded reports attacking the measures that were under consideration by Congress at the time (SourceWatch 2015). The report from the Texas Public Policy Foundation sums up the conclusions reached by SPN: "If implemented, the President's reforms would significantly harm the health care system, patient welfare, and the economy overall" (Laffer et al. 2009). Following passage of the law, SPN directed similar grants to many state affiliates to oppose the implementation of the law's provisions – especially Medicaid expansion (SPN 2013).

For its part, AFP and the Koch political network had taken aim at Obamacare well before the states were moving to implement the law's various provisions. When Congress was still deliberating over health reform legislation in 2009 and 2010, AFP helped organize "Kill the Bill" protests outside the Capitol, and was part of the move to coordinate grassroots protests against lawmakers friendly to the bill at town halls held during the Congressional recess (Mayer 2010). Once the law passed, AFP pledged to defeat its implementation, especially the Medicaid expansion. "From the very beginning, we turned to a state-by-state effort to stop the expansion of

Medicaid," Tim Phillips explained to a journalist. "Medicaid expansion and Obamacare has been the issue we've worked on more than any other single issue" (quoted in Cunningham 2015). While the group has not disclosed its total spending against Obamacare, one estimate suggests that AFP invested over $30 million in ads against the law in one year alone (Kessler 2014).

Clearly each of the three members of the troika has made defeat of the ACA a central priority. But can the strength and coordination of the right-wing networks explain the success or failure of Medicaid expansion across the states above and beyond other causal factors? To address this question, I again constructed a similar index of right-wing strength and coordination, this time based on activity around the ACA from 2012 to 2015 (this section draws from the quantitative analysis reported in Hertel-Fernandez et al. 2016).

AFP index: Unfortunately, chapter-by-chapter information on legislative scorecards is not available in a consistent manner for this time period. Therefore, I employ a slightly different measure of AFP strength in each state, ranging from 0 to 4. States are assigned a 0 if they had no AFP chapter through 2015. States are assigned a 1 if they had an AFP chapter in the past but it did not survive through the present. States coded with a 2 had a chapter founded between 2012 and 2015 and were thus operating during the period of the Medicaid expansion debate. States coded as 3 were founded between 2008 and 2011 and were also operating during the period of the expansion date. Lastly, states assigned a 4 were already in operation by 2007.

ALEC index: The measure of ALEC strength for the ACA analysis differs somewhat as well from the public union analysis, incorporating leaked information on the share of a state's legislative body participating in ALEC (based on ALEC 2013), as well as the number of a state's top four legislative leaders in both chambers with verified ties to ALEC, including task force membership or regular attendance at ALEC events (based on reporting in SourceWatch 2012). I focus here on top legislative leaders, rather than rank-and-file members, because these more senior members are critical for squelching the passage of bills in their respective chambers, like the Medicaid expansion. California registers as a state with the lowest ALEC strength on this indicator, while Arizona was assigned the highest score.

SPN index: Lastly, I measured SPN activities in two ways. First, I measured the total budgets of affiliates in each state. SPN budgets were lowest in North Dakota and highest in Virginia. Second, I captured the ways in which the Foundation for Government Accountability (FGA), an especially active SPN affiliate in Florida, worked across state lines to stop Medicaid expansion. FGA played an important role in helping other SPN affiliates to coordinate with ALEC and with other national groups, and its staffers often flew out to other states to help organize opposition to Medicaid expansion (FGA 2015). States received an additional point on this index if they hosted an FGA staffer giving a presentation opposing Medicaid expansion, and received another point on this index if FGA conducted a public opinion poll within the state intended to show opposition to expansion. Finally, states received a half point if FGA staffers wrote media commentary related to the expansion debate in a particular state. The FGA coordination index was lowest in states like Rhode Island, Vermont, and Delaware, and highest in North Carolina, South Carolina, and Idaho.

Aside from the measure of right-wing coordination, I also take into account a range of other factors that could plausibly explain state decisions to expand Medicaid, as before in the public sector union analysis. One factor includes *partisan control of government*, measured as the cumulative veto points controlled by Democrats from 2013 to 2015 (the lower chamber, upper chamber, and governorship). I anticipate that states with greater Democratic control of government will be substantially more likely to expand Medicaid than those with weaker Democratic control during this period.

Public attitudes towards Medicaid could drive expansion decisions if politicians were responding to the preferences of their citizens towards the Affordable Care Act. I therefore measure the share of a state's adult population supporting the Medicaid expansion, drawing on data from the Kaiser Family Foundation's health tracking polls and analysis by Jake Haselwerdt and Elizabeth Rigby (2013).

Finally, the *existing structure of Medicaid* in states might matter as well: states with relatively more generous eligibility requirements might stand to gain more from new federal funding, and also because state bureaucrats have committed to providing relatively generous Medicaid benefits (see also Callaghan and Jacobs 2014). I measure this variable with the average income eligibility limits imposed on Medicaid applicants for both adults and children (data from the Kaiser Family Foundation).

I limit my analysis to state decisions made between 2013 and 2015. Although the Supreme Court decision permitting states to make their own choices about expansion occurred in the summer of 2012, many state legislatures were not in session that year to vote on expansion, and the ones that did – Connecticut, Hawaii, New York, Vermont, and Nevada – were generally controlled by Democratic majorities or Democratic governors (Connecticut, Hawaii, and Vermont all were under full Democratic control). The analysis thus examines the 45 states that had not yet taken action at the start of 2013.

Conducting a logistic regression with Medicaid expansion as the outcome (full regression results in the chapter appendix), I find strong support for the notion that right-wing network strength and coordination mattered when legislatures and governors were deliberating over expansion, even net of partisan control of government, public opinion, and existing Medicaid program structure. A state with the lowest level of the right-wing network index was predicted to have an 87% probability of expanding its Medicaid program as part of the Affordable Care Act, but a state with the median value of right-wing strength and coordination was predicted to have a 65% probability of expansion, and a state with the highest value on the right-wing index was predicted to have only a 23% probability of expansion. In fact, the total effect of right-wing network strength was roughly as large as the effect of partisanship, which was also strongly related to the probability of Medicaid expansion over this period. The effect of moving from full Republican to full Democratic control was predicted to increase the probability of expansion by 67 percentage points, while the effect of moving from the maximum to the minimum level of right network strength and coordination was 64 percentage points. Just as in the analysis of public sector union bargaining cutbacks, moreover, I find that a regression model that includes the full set of organizational variables did a much better job at explaining variation in state Medicaid decisions than a model that only included ALEC strength on its own.

The battle over Medicaid proposals in Missouri nicely illustrates how the members of the right-wing troika worked together to stymie expansion proposals. During the period when Medicaid expansion was up for debate, Republicans enjoyed large and growing majorities in the state's legislature – certainly cutting against the likelihood of an expansion. But, at the same time, the state's governor, Jay Nixon, was a moderate Democrat who had supported the Affordable Care Act and its various provisions. In addition, expansion had attracted the predictable endorsement of a number of public interest advocates, including labor unions, social service providers, and religious institutions (Missouri Medicaid Coalition 2015). More unusually, the state's business community had come out strongly in favor of expanding

Medicaid, led by the state Chamber of Commerce, as well as allied trade associations and groups representing the state's hospitals and medical providers (Missouri Scout 2015; Ferguson 2013; Pfannenstiel 2013). The state Chamber went so far as to hire former U.S. Republican Senator Christopher Bond to lobby state GOPers to support an expansion (Lieb 2014). For these pro-expansion business interests, the logic behind expansion was relatively straightforward: an expansion would mean billions of new federal dollars flowing into the state's local communities, and bolstered payments for hospitals and other medical providers.

The work of this strange-bedfellows coalition, however, fell on deaf ears. Time after time Democrats – and even moderate Republicans – in the state legislature introduced expansion bills only to have them blocked by conservative GOP chamber leaders. When we look to the sources of this opposition, we can see the fingerprints of the right-wing troika all over the place. AFP, for its part, was highly active in the state, running ads against pro-expansion bills and mobilizing its grassroots supporters to contact their lawmakers to oppose those measures (Americans for Prosperity – Missouri 2013b, 2014b). As one AFP national press release proudly explained about one of its ads unveiled in early 2014, "As the state legislature debates over Medicaid expansion, Americans for Prosperity – Missouri has released a new radio ad reminding legislators of the high cost to taxpayers. The ad, which opens with the roar of a chainsaw, explains how expanding the state Medicaid program as called for under Obamacare, to cover people up to 138% of the poverty line, could entail cuts to other state program, higher taxes, or both" (quoted in Americas for Prosperity – Missouri 2014). AFP also used its legislative scorecards to single out votes for and against Medicaid expansion, praising those GOPers who stood firm and voted against expansion (Americans for Prosperity – Missouri 2013a, 2014a).

Lawmakers hoping to prevent Medicaid expansion could also draw support from the state's local SPN affiliate, the Show-Me Institute. Health policy analysts at Show-Me released a series of reports and commentaries in local media decrying expansion, including criticisms of a report authored by the pro-expansion coalition claiming to show job growth associated with the new federal Medicaid funds (Ishmael 2014; Wilson 2012). Show-Me even testified in the legislature against expansion (Ishmael 2013), reminding lawmakers that the state's citizens rejected Obamacare in a symbolic 2010 ballot initiative. The bottom line, Show-Me argued, was that expansion as envisioned by the legislature would not be a "good deal, especially for future Americans and Missourians" (Ishmael 2013, 3).

The longstanding presence of ALEC-affiliated lawmakers within the state's two legislative chambers rounded out the troika's opposition campaign. Missouri is a state with above-average membership in ALEC and nearly a third of its lawmakers participated in the group as dues-paying members in 2013 – no surprise given the state's relatively low levels of policy capacity. Missouri was also one of the first states to adopt an ALEC model bill developed to hamper the implementation of the Affordable Care Act, with the measure championed by a state senator who fully admitted that she had taken up the idea after hearing about it at an ALEC meeting. "It's really no secret," Senator Jane Cunningham told a state reporter quite frankly, "I learned about the idea from ALEC and brought it back to Missouri" (quoted in Greenblatt 2011). Looking at votes on Medicaid expansion within the state House and Senate, I found that GOP members who were ALEC members were substantially less likely to support expansion, even after controlling for the ideological orientation of the constituents in members' districts (Hertel-Fernandez et al. 2016). ALEC membership thus exerted influence as Missouri legislators were voting on Medicaid expansion – above and beyond the behavior we would have expected based on the liberalism or conservatism of their districts. Similar patterns played out across a range of other states (Hertel-Fernandez et al. 2016).

Thus, to understand why some states refused to participate in this important component of the Affordable Care Act – even passing up the opportunity to inject billions of dollars into their economies while offering poor adults affordable health insurance – we need to look at the full range of conservative groups working together to promote right-wing policy priorities. Just as with the battle over public sector union rights, it is not enough to focus exclusively on ALEC, even if the bill ideas and text originated within that group. SPN and AFP have also become increasingly important allies in the same fights as ALEC.

Constructing Coordination between SPN and ALEC: The Importance of Strategic Philanthropy

We have seen that the troika works closely together to promote shared policy goals. But how did such close coordination between the groups emerge? Especially in the case of SPN, which is not centrally directed from above as with AFP, why would individual affiliates choose to work closely with ALEC? Certainly the benefits are clear: forming a close affiliation with ALEC means having an opportunity to share research and policy ideas with elected officials and strategize with conservative activists, politicians, and private sector firms. But there are costs associated with forming enduring ties with ALEC as well. To join ALEC task forces, affiliates must pay relatively hefty membership dues, since ALEC had long ago stopped subsidizing SPN affiliates' annual membership charges. These private sector task force membership dues, as we saw in chapter 1, are substantially higher than they are for state lawmakers, and a crucial source of revenue for ALEC. Once on an ALEC task force, SPN affiliates must also commit to regularly participating in the convenings, and preparing materials to present and discuss. Those activities all take time and staff expertise that might be directed to other activities. And lastly, by coordinating so closely with ALEC, SPN affiliates might have to agree to focus on the policy battles that are favored by other ALEC members that would not necessarily be their first choices otherwise. Perhaps because of these costs, not all SPN affiliates have joined ALEC task forces and only a subset of SPN members regularly participate in ALEC meetings.

To help groups overcome these costs, and to encourage SPN affiliates to join ALEC, I argue that the SPN national office has been crucial in funneling grants from conservative foundations, wealthy donors, and private sector firms to affiliates to build collaboration between their network and ALEC. SPN can foster this sort of behavior by giving grants explicitly to groups that collaborate closely with ALEC. This argument resonates with older work in political science that identified the importance of "patrons" – grantmaking organizations – for interest group behavior (Walker 1991; Berry 1977, 2000; Teles 2013).

There is ample qualitative evidence in support of these propositions linking SPN patronage to affiliate coordination with ALEC. As the SPN materials I referenced above indicate, SPN's leaders, including its most recent president, have explicitly fundraised from donors in order to cover the membership costs for SPN affiliates to join ALEC. Similarly, a leaked 2013 fundraising document from SPN to the Searle Freedom Trust, a conservative philanthropy, indicated that many of the grants the foundation was considering were based on the past collaboration between think tanks and ALEC. For instance, in internal notes about a $40,000 grant request intended for the Goldwater Institute in Arizona, SPN staff wrote in support of the proposal that "Goldwater was able to pass model legislation at the ALEC in 2012, and the legislative action received a great deal of media attention" (SPN 2013). Similarly, in the request for a $35,000 grant for the Advance Arkansas Institute, SPN also mentioned that success would be determined "by the passage of the model legislation" based on the group's plan for lowering tax rates (SPN 2013). And leaked records of Donors Capital Fund, an organization that serves as a pass-through funding arm for wealthy conservative donors, reported that the group directed some $688,000 in grants to SPN for affiliates to participate in ALEC task forces and meetings (Wilce 2013).

We can more systematically test the theory that SPN's national office uses grantmaking as a means of encouraging collaboration between affiliates and ALEC by seeing whether affiliates that received more grants were more likely to join ALEC task forces. To carry out this analysis, I gathered data on the total amount of grants an affiliate received each year between 2006 and 2014, as well as the number of ALEC task forces an affiliate joined, or ALEC events at which the affiliate delivered presentations. The Goldwater Institute, Arizona's SPN affiliate, is an example of a think tank with the most recorded ties to ALEC over this period (six), while the Grassroots Institute of Hawaii is an example of an affiliate with no formal ALEC ties.

There is strong bivariate support for the importance of patronage for SPN affiliate coordination with ALEC. Of those SPN affiliates operating between 2006 and 2015, none of the think tanks that had not received grants had developed ties with ALEC (21 affiliates), but 34% of affiliates that had received grants had joined ALEC task forces or were regular participants at ALEC events (22 out of 64 grant-receiving SPN affiliates). However, one important issue with this simple descriptive analysis is that there might be other casual factors that could explain both affiliates' receipt of grants and their propensity to collaborate with ALEC.

To address this concern, I include a series of alternative explanations for why the SPN national office would provide funding to some SPN affiliates and why those affiliates would partner with ALEC. More prominent affiliates might simply be more likely to partner with ALEC and to receive SPN funding since their success is more appealing to ALEC and because the national office wants to fund more active think tanks. To account for this explanation, I include a measure of the *News Salience* of an SPN affiliate, measured as the number of news articles written between 2006 and 2015 that referenced the think tank (citations retrieved from Lexis Nexis). While obtaining media coverage is certainly not the only goal of think tanks, it is a very important one for most policy organizations – and often a key statistic when think tanks, including SPN affiliates, apply for grants (e.g. Rich 2005). SPN itself cites media coverage as a measure of its affiliates' success (SPN 2015).

In addition to media salience, SPN affiliates with greater overhead operating costs should have fewer resources to direct towards coalition building, and the national office might also avoid giving grants to these more inefficient groups. To capture the relative overhead costs of affiliates, I estimated the average compensation for the highest-paid employee in an affiliate as a share of the group's average revenue (*Top Compensation Share*). Executive compensation is considered by many observers of the non-profit sector – including the federal government – to capture one important aspect of overhead spending that is not directly related to a non-profit's tax-exempt mission. Accordingly, non-profit organizations are legally prohibited from making excessive compensation to their employees, and this data are available on non-profit IRS filing returns (GuideStar USA Inc. nd.).[67]

Lastly, political conditions in a state might affect the odds of coalition formation between ALEC and SPN affiliates, as well as the grants that the national SPN office makes to individual

[67] Non-profits also report administrative expenses on their annual tax filings (as opposed to fundraising or program services), but for many SPN affiliates, administrative expenses are quite low given the nature of policy research and advocacy. In these think tanks, most spending is directed toward employee compensation, not administration. As a result, I argue that executive compensation makes a far better measure of organizational overhead for these groups than administrative expenses.

affiliates. SPN might direct more resources to states where affiliates face a harder time getting their proposals passed into law, and similarly, affiliates might be more likely to partner with ALEC when facing an unfriendly legislature. Alternatively, SPN's national office might funnel more funds to groups that have a better chance of shaping legislation given conservative control of state government, and there might be a stronger ALEC presence in more conservative states, facilitating SPN and ALEC partnerships. To account for this factor, I include an estimate of the ideological orientation of a state's lawmakers (using the measure from Berry et al. 2010; *State Liberalism*). In further analysis (available in an appendix to this chapter), I also show that my results are similar using state fixed effects and examining variation in SPN affiliate activity within, rather than across, states, holding constant state features like the political or ideological climate.

The unit of analysis is thus an individual SPN affiliate between 2006 and 2015. While I would ideally examine variation over time within affiliates, budget data from the IRS is only sparsely available, forcing me to average the outcome and explanatory variables over the nine-year period from 2006 to 2015. I estimate OLS regressions for all outcomes, including the binary indicators, though my results are identical with logistic regressions. Given that I also include variables at the state level, I cluster my standard errors by state, though this does not change my substantive findings.

Table 4.1 presents the main substantive results of my analysis, showing the effect of the receipt of SPN grants on the probability that an affiliate will partner with ALEC (see appendix for full regression results). Each column uses a different measure of SPN grant recipency. The first column shows that receiving any grant from SPN's national office over this period increases the probability that an affiliate will partner with ALEC by about 34 percentage points. In turn, the second column shows that affiliates that received larger grants were more likely to partner with ALEC compared to affiliates that received smaller grants, or no grants at all. Each $1,000 increase in the average grant received by an affiliate is predicted to increase the probability of partnership by about one percentage point (the average grant size was $9,000).

Table 4.1: Modeling SPN Affiliate Coalition Building with ALEC, 2006-15

	Affiliate Received Any Grant	**Average Grant Received by Affiliate**
Change in the probability of affiliate partnering with ALEC	+ 34 percentage points [20, 48]	+ 1 percentage point/$1,000 [0.5, 1.4]

Notes: OLS regression results in appendix; control variables added but results not shown. Outcome is binary indicator for SPN affiliate forming ties with ALEC. 95% confidence intervals in brackets below estimates. Sample size is 82 SPN affiliates.

Apart from the support for the patronage variables, the analysis shows that news salience was the only other factor related to ALEC coalition building; affiliates that received greater coverage in the news were more likely to partner with ALEC. Sixty additional citations (the average number of cites) increases the likelihood of an ALEC tie by about two percentage points. Neither organizational overhead (as measured by top compensation shares) or state political conditions (either measured by state liberalism or by cumulative Democratic control) were significantly related to ALEC affiliations.

Table 4.2: Modeling SPN Affiliate Coalition Building with ALEC, 2006-15

	Affiliate Received Any Grant	**Average Grant Received by Affiliate**
Change in the predicted number of ALEC ties	+ 1.04 tie [0.57, 1.5]	+ 0.02 ties [0.005, 0.04]

Notes: OLS regression results in appendix; control variables added but results not shown. Outcome is count of ALEC ties. Significance levels: * $p<0.10$; ** $p<0.05$, *** $p<0.01$. Sample size is 82 SPN affiliates.

Table 4.2 moves from assessing the presence of any ALEC ties with SPN affiliates to the number of ties that affiliates have fostered with ALEC from 2006 to 2015. The results again indicate strong support for patronage-based explanations. SPN affiliates that received any grant from SPN's national office had about one additional tie with ALEC, on average, than affiliates that did not receive any grants (column one). Similarly, groups that received larger grants were more likely to have more ties with ALEC; a grant of $9,000 is predicted to increase the number of ALEC ties an affiliate developed by about 0.21 (column two). As in the results analyzed for Table 4.1, news salience was generally related to a greater number of ALEC ties, and organizational overhead and state political conditions continue to be unrelated to ALEC coalition building.

The analysis of SPN patronage is not without its drawbacks. Certainly it would be ideal to examine year-by-year variation in ALEC ties and SPN grants, rather than averaging across a number of years. But in combination with the qualitative evidence I have laid out, the results in Tables 4.1 and 4.2 show that coordination between ALEC and SPN was not necessarily a foregone conclusion, and that the coalition between the two organizations was in part spurred by strategic philanthropy and grant making by the SPN national office to its affiliates. Think tanks that received more – and larger – grants from SPN's national office were more likely to form ties with ALEC.

The Development of the Right-Wing Troika and U.S. State Politics

The preceding chapters have made the case that ALEC became an incredibly effective lobbying force across the states throughout the 1990s and 2000s, packaging its model bills with other valuable services for under-resourced and inexperienced state lawmakers. But increasingly, and especially since the 2000s, ALEC has not been operating alone. First joined by a bolstered

SPN flush with new think tank affiliates and cash from wealthy donors, then by a muscular grassroots movement directed by Koch-led AFP, ALEC could count on powerful allies as it sought to promote its policy agenda across the states. While the issues pursued by SPN and ALEC are more closely aligned given their closer affiliations and overlapping donor bases of large, for-profit firms, ALEC and AFP have more divergent priorities, given that the former has stronger corporate backing than the latter. However, on regulations and union rights – issues on which the libertarian Koch network and the more business-friendly ALEC see eye to eye – these groups work quite closely with one another.

The results I have presented in this chapter carry a number of implications for how we think about the study of U.S. politics, especially across the states. For one thing, they underscore the need to think carefully not just about the influence of any one specific interest group, but also the range of other organizations that might be collaborating closely with one another, complementing each other's functions (e.g. Hula 1999). One could certainly think about ALEC, SPN, and AFP as forming a self-reinforcing population "niche," to borrow the concept developed by Virginia Gray and David Lowery (1997). But it would be a mistake to take that analogy too far and assume that the relationships established between these networks necessarily formed organically, from the bottom up. Collaboration between ALEC and SPN, for example, was constructed by the use of strategic grant making on the part of SPN and its donors. The vision and philanthropy of SPN's donors – and not necessarily ground-level decisions – dictated much of the variation in where affiliates chose to partner with ALEC. Viewing coalition building between interest groups as the product of donor behavior opens up new avenues for research into other areas of politics as well. If it is indeed the case that donors' strategies can determine the time horizons and strategies of their grantees – and potential grantees – much more attention needs to be directed towards organized philanthropists (see especially Skocpol 2016).

Lastly, a final question introduced by my analysis of the right-wing troika is how it has shaped the two parties, and especially the GOP. While the three organizations may increasingly agree on their preferred policies, the same may not be true for other members of the GOP coalition. For instance, although all three groups have sought to stymie the expansion of the Affordable Care Act, their opposition to Medicaid expansion has put them directly at odds with state and local business interests, like doctors and hospital associations, and even chambers of commerce (Hertel-Fernandez et al. 2016). That introduces important cross-pressures on GOP legislators, who are forced to choose between supporting the right-wing policies developed by ALEC and SPN and enforced by AFP's masses of grassroots supporters and deep campaign warchest, or supporting the preferences of their local business associations. Much more work will be needed to understand the full range of issues on which GOP lawmakers have felt these cross-pressures, and how they have dealt with the trade-offs those cross-pressures have introduced (for one start, see Hertel-Fernandez and Skocpol 2016).

CHAPTER 5: FEISTY CHIHUAHUAS VERSUS A BIG GORILLA

"Past efforts to boost Democratic prospects at the state level have floundered. In recent years, liberal groups and academic think tanks have failed to mount a unified push across states, struggling to gain traction in the states or raise the funds necessary to sustain organizations of any heft and often cannibalizing one another"

– Kenneth Vogel, *Politico* (2014)

"State policy work wasn't sexy to [liberal] donors."

– Liberal state policy advocate, Interview with author (2015)

Thus far we have seen that four decades of aggressive institution building has meant that conservatives and businesses can count on a well-developed infrastructure of organizations, including ALEC, AFP, and SPN, to promote a coordinated national policy agenda. In light of these successes, one might well wonder: where has the left been? The answer is that liberals have faltered in similar efforts to build capacity across the states. As one union official begrudgingly acknowledged recently, conservatives and their affiliated organizations deserve credit since "they made a sound strategic decision to prioritize activity at the state level and they beat us to the punch. They were smarter than we were" (quoted in Vogel 2014). The magazine *Politico* has described the differences between the left and right in even starker terms, writing that "past efforts to boost Democratic prospects at the state level have floundered. In recent years, liberal groups and academic think tanks have failed to mount a unified push across states, struggling to gain traction in the states or raise the funds necessary to sustain organizations of any heft and often cannibalizing one another" (Vogel 2014).

We can see the imbalance between left and right networks in numerical terms when turning to the survey of state legislative candidates from 2014 that I described in chapter 3. 27% more state legislators reported relying on ALEC and SPN than reported relying on a liberal alternative I describe in this chapter (the Progressive States Network) – a striking difference especially considering the recent public backlash against ALEC and SPN that might have made lawmakers reluctant to admit relying on these groups. The discrepancy between left and right networks is even starker when considering variation across states. In only eight states did more than 10% of state lawmakers report relying on the progressive alternative to ALEC. There were no states where more than 20% of legislators relied on that progressive group. In contrast, there were 16 states where over 10% of lawmakers reported relying on ALEC and SPN, including two states where over 20% of lawmakers reported relying on ALEC and SPN. Why is it the case that liberals have struggled to advance their interests across the states, and in particular, why were left-wing policy advocates caught so flat-footed after conservatives had established ALEC and SPN, and later, AFP?

The main argument I offer in this chapter is that the left was hampered by two important factors. First, liberals had taken for granted the participation of conservatives in bipartisan, national networks of government officials. Yet by the 1970s, conservative political entrepreneurs realized that they could be more effective advancing their own legislative agenda by building their own set of alternative state policy networks, rather than working within the existing good government organizations. It took liberals at least a decade after ALEC had launched before they attempted to construct serious alternatives of their own.

Even when liberal political leaders realized that they needed to bolster their presence in the states, however, they found themselves stymied by a lack of consistent funding for their projects. Time after time, left wing political entrepreneurs pitched the idea of a liberal response to ALEC only to discover that they could not find a patron willing to support their efforts. Left-leaning foundations were simply not interested in funding advocacy work in a coordinated manner across the states, preferring to focus their more politically-charged giving at the national level while contributing to direct service activities at the state and local levels. In the few instances when philanthropic patrons funded left state networks, such efforts tended to be fragmented, with different initiatives dueling with one another for scarce dollars, and concentrated in the most liberal states where left-wing forces were already powerful.

Apart from documenting the struggling left wing response to conservatives' aggressive institution building since the 1970s, this chapter advances several themes that shed light on broader questions of American political development. Most centrally, the analysis shows how liberals were caught off guard when conservatives began developing alternative policy institutions that ultimately outflanked the older, good government oriented organizations. Liberals had been relying for so long on the taken-for-granted nature of bipartisan state associations that there was no expectation that they would need to build their own infrastructure. This echoes a more general tendency in recent American politics whereby conservative political leaders have pulled out of once generally accepted institutions of governance and produced their own organizations, separate from liberals, that ultimately outflanked the older institutions – leaving the left in the dust (see e.g. Teles 2010 on legal infrastructure). It took liberals a much longer period of time to catch up and develop alternative governing structures of their own. In many cases – as with the states – the left has not fully matched the right. This gap in institution-building may therefore have contributed to the asymmetry in political polarization, with the right growing much more conservative than the left has grown liberal since the 1970s (Mann and Ornstein 2012; Hacker and Pierson 2006; McCarty et al. 2006).

Another important insight comes from my close examination of the financial patrons of the left. Long term efforts to change policy require significant financial investments that can be deployed to develop new ideas, craft legislative proposals, amass networks of supporters, and foster relationships with lawmakers. The availability of such capital and the terms on which investors are willing to provide funds thus offer an important window into the development of policy coalitions, as well as the ultimate success of those groups in realizing their objectives – an insight we also saw in the last chapter. I find that variation in availability and behavior of financial patrons – specifically foundations – can go a long way in describing the differential trajectory of state policy coalitions on the left and right. Left-leaning foundations were simply less inclined to provide start-up capital to progressive advocates who wanted to expand early liberal networks in the 1970s and 1980s, and later, direct counterweights to ALEC and SPN in the 1990s and 2000s. Thus early differences in the culture of donors at mainstream left-wing philanthropies and their right-wing counterparts had mounting consequences, as the cost of developing an adequate left-wing opponent to ALEC and SPN grew over time. These differences in the behavior of left and right foundations towards state policy coalitions affirm recent scholarship on the politics of foundations more generally (O'Connor 2008; Teles 2010, 2013). And above all, they emphasize the importance of financial patrons for how organizations structure their operations.

Progressives and the Rise of Good Government State Policy Networks

At the turn of the twentieth century, state legislatures were widely viewed as being "not only bad, but steadily growing worse" (quoted in Schumate 1938). As one political scientist summed up, almost anyone at the time "would tell you that our legislatures are filled with 'ward heelers', 'petty politicians,' and 'yokels,' or even worse, those who are more or less equally engaged in clowning and enacting laws designed to 'loot the public treasury' or to favor some special interest at the expense of the common weal" (Schumate 1938, 189). An *Atlantic Monthly* report on the state legislatures in 1904 was even more pessimistic, stating plainly that:

> "We have grown to distrust our State Legislatures. Their convening is not hailed with joy, and a universal sigh of relief follows their adjournment. The utterances of the press, the opinions of publicists and scholars, and the sentiments of the street and the market-place are quite at one in their denunciation of the Legislature. Our representatives are the subject of jest and ridicule, of anger and fear" (Orth 1904).

Why did the public distrust state legislatures so much? Writings at the time highlighted perceptions of corruption, ineptitude, and a lack of responsiveness to the pressing social and economic needs of the day (Squire 2012, chapter 7). A small group of legislators, led by Colorado state senator Henry W. Toll, believed that the answer to the woes of the states did not lie with popular solutions of the time, which were to cut back the pay of lawmakers and to shorten sessions from annual to biennial meetings. Rather, while concurring "in the sentiment which is continually reiterated by all thinking Americans that our legislatures contain many members who lack the mentality, the training, and the disinterested motives which should characterize legislators," Toll believed that state legislatures needed more – not fewer – resources with which to make policy (Toll 1928, 128). Argued Toll: "no state can hope to induce a large number of capable, educated, responsible men to offer their services for legislative work unless the state is prepared to do its part as any other employer must do, by offering each man who will serve adequate assistance in the performance of his task, and the cooperation of other reputable individuals in his work" (Toll 1928, 128). Part of that support could, Toll believed, come from a new professional association of state legislators, and in December 1925, Toll sent out invitations to all 7,500 legislators serving in state government to join a new "American Legislators' Association" (ALA). The ALA, as Toll and his colleagues envisioned it, would provide the support to state legislators that they otherwise lacked to produce rational, scientifically-grounded, and effective public policy.

Supported by philanthropic funds, member contributions, and appropriations from a handful of state governments, the ALA engaged in five main activities (Toll 1928). These included a division that would help states to establish legislative reference bureaus to give nonpartisan research and legal drafting assistance to legislators; an "information switch-board" through which legislators or their staff could "plug in" and "at once be connected with the best source of information in the United States concerning his current problem" related to public policy; a publication sent to every legislator with information about recommended state laws, the activities of major national associations, new research and writing on relevant issues and descriptions of exemplary state legislation; an annual meeting of legislators that would coincide with the meeting of the American Bar Association; and a legislative assembly, including committees and advisory boards, which would consider and promote model legislation for the states (Toll 1928).

Toll envisioned that the group would complement the work of existing organizations that were promoting interstate cooperation and developing model bills for state lawmakers to consider. Toll noted that the main alternative organization, the Commission on Uniform State Laws, was an expert-led group, rather than a "sales organization," and thus could not actively promote its proposals (Toll 1926, 642). The ALA, in contrast, could do just that. Moreover, the ALA, unlike the Commission, could offer general legal and research assistance to lawmakers and their staff.

Right from its start, the ALA was assiduously nonpartisan, prioritizing expert judgment over particularistic or partisan agendas. The language used in the original documents and transcripts emphasized the value of research and careful study to "improve the quality of the law making process" (Council of State Governments 1935a, 5). Above all, Toll desired to "establish a line of communication between specialists and legislators – between those who know best what the laws should be and those who decide what the laws are" (quoted in Teaford 2002, 144).

The group's commitment to progressive ideals of expertise over partisanship is exemplified by its relationship with academia. Five years after its launch in Denver, the ALA opened a Chicago office, which immediately established close ties to the University of Chicago and its experts in political science, law, and economics. Some of the early staff of the organization were appointed to the university faculty, and a number of the faculty joined the organization as advisers (Council of State Governments 1935c). Similarly indicative of the group's priorities were its first two major policy initiatives: to establish nonpartisan legislative reference bureaus in all of the states and to reconcile conflicting federal and state tax law (Council of State Governments 1935b).

Perhaps the surest sign of the ALA's bipartisanship was simply the partisan orientation of its early founders. Toll, for his part, was a Republican, as was the group's first vice president, Senator George Woodward of Pennsylvania. Senator Alfred Thwing of Minnesota, the group's second vice president did not have a partisan affiliation, and the group's auditor, Reece A. Caudle of Arkansas, was a Democrat. The group's subsequent presidents after Toll were a Republican (from California) and a Democrat (from Kentucky).

The ALA's good government impulse had strong roots in a longer tradition of progressive activism in the United States. These reformers, first embodied by the Mugwumps of the late 1800s, and then the progressive activists of the early 1900s, sought to rationalize the public sector with non-partisan, technocratic reforms (Tucker 1998; Moss 1992). Their legacy of blending civic action with government reform fits well with Toll's vision of the ALA both as an instrument for voluntary cooperation, and as a force that could press policy demands on state governments in contrast to less assertive groups like the Commission on Uniform State Laws (e.g. Skocpol 1992, 265-6).

Following the gradual success of the ALA in its first decade, some of its participants began pondering the creation of a second organization that would include not only legislative members of state government, but administrative officials too. At the start of 1935, nearly ten years after the founding of the ALA, government officials convened the Council of State

Governments (CSG) to accomplish that goal. The Council would "devise and promote means by which the states could better cooperate with one another and with the federal government" (Council of State Governments 1937, 10). The ALA was folded into the new CSG, now with a narrower focus on improving the quality of the legislative process, rather than promoting broader issues of public policy (Council of State Governments 1937, 113). In a similar vein, national associations of governors, attorneys general, and secretaries of state were incorporated into the CSG over time as well. CSG's primary activities now included a series of commissions discussing aspects of interstate cooperation and federalism, annual convenings of state and federal officials, and publication of regular volumes summarizing a variety of indicators on state activities.

Toll's goal of bipartisan and expert-driven infrastructure to unite state governments continued through the work of the CSG, and later, several new organizations. In the mid-1950s, CSG expanded to attract more legislative members through a new National Legislative Conference (Teaford 2002, 167). Senior lawmakers from several of the larger states formed their own group, the National Conference of State Legislative Leaders, shortly thereafter in 1959. The Conference of State Legislative Leaders would provide many of the same informational resources as the ALA but would be outside the orbit of CSG, which many senior legislators viewed as being too beholden to governors and legislative staff (Kurtz 1999). And a third organization, the National Society of State Legislators, emerged in the mid-1960s to represent rank-and-file legislative members, though it never grew as large as either of the other older groups (Kurtz 1999). By the early 1970s, these various associations began discussing a possible merger, and in 1974 the Council of State Governments facilitated the successful dissolution of the three groups and the formation of a new National Conference of State Legislatures (NCSL), which continues to present day. As with its antecedents, the NCSL placed a heavy priority on accurate and bipartisan responses to legislative inquiries in the spirit of Henry Toll (Kurtz 1999).

The growth of the cross-state associations during the 1930s, and again in the 1960s, was driven just as much by the rapid expansion of government during these two eras as it was by entrepreneurial reformers. It is no coincidence that the ALA and CSG enjoyed lengthening membership rolls during the New Deal era. State officials flocked to these cross-state associations as a means of preserving state autonomy as the federal government assumed roles, like social welfare provision and labor regulation, that were once the exclusive domain of the states (Teaford 2002, chapter 6). At the same time, state legislators and executives also sought assistance as they implemented the many provisions of the New Deal that were explicitly delegated to the states, like unemployment insurance, grant-in-aid programs, and public works projects – what were collectively referred to as the "little New Deals" (Amenta 1998, chapter 5). The Council of State Governments, for instance, issued important reports that provided extensive comparisons of the various approaches to unemployment insurance pursued by the states, as well as recommendations for reforms "expanding and perfecting" state programs (CSG 1944).

Three decades later, Lyndon Johnson's Great Society initiatives spurred similar moves by state and local officials to organize into networks that could both share knowledge and represent subnational interests in the federal government. This was especially important because even more than the New Deal, the Great Society relied on state and local governments to implement various new initiatives to aid vulnerable populations, including cash welfare to poor families with children, assistance for disabled adults who did not meet the requirements of the Social Security program, medical insurance for the needy, and aid to struggling public schools (Zelizer 2015). Indeed, some credit the vast array of social programs put into place by the Great Society with the creation of a more permanent organization, based in Washington, of state governors (Beyle 2006, 75). Together with the NCSL, that group, which would later become the National Governors Association, became a potent lobbying force on behalf of state-based Great Society innovations, like Medicaid (e.g. Thompson 2012).

The Conservative Secession from Good Government Organizations: From Henry Toll to Charlie Duke

Despite the careful efforts of ALA, the CSG, and later, the NCSL, to remain bipartisan, a burgeoning conservative movement in the 1960s and 1970s began to reject the staid trio of associations as being too liberal. Though avowedly ideological neutral, the associations were still committed to improving the functioning of state government – and that often required new revenue and increased staff. For instance, the CSG and NCSL had long prioritized increases in the professionalization of state legislatures (Teaford 2002), which conservatives opposed. Those groups also favored increased federal responsibility for certain state programs, especially those related to income maintenance, which was anathema to conservative policy leaders who viewed federalization of social programs as promoting bigger government (e.g. NAM 1982). And more generally, the good government associations were seen as having facilitated the expansions of economic programs and social rights during the New Deal, and later, the Great Society. In short, every existing organization for state legislators "appeared to be under the dominion of big-government types" (Bishop 2008, 224). "Most of the suggested legislation discussed and recommended [by NCSL] was generally more liberal in the sense of more government involvement than I basically supported," summed up one conservative member of the Missouri legislature who attended NCSL meetings (Rust 2012).

Conservatives thus abandoned the bipartisan associations that used to be widely embraced by Republicans and Democrats alike, especially after ALEC was formed. As one political observer noted "a few years after NCSL was formed…it suffered a secession when a group of conservative legislators left to create their own organization – ALEC" (Mack 1997, 25-6). Another journalist interviewed one conservative lawmaker who left the NCSL, finding that the legislator attended one NCSL meeting and then never went back after discovering ALEC: "I just felt more at home at ALEC. I was around legislators who had the same philosophy as I had in running government" (quoted in Bishop 2008, 222).

An ALEC publication discussing President Reagan's negotiations over his "New Federalism" plan in the 1980s summarizes the right's scorn for the NCSL. ALEC's staff argued that while "the Reagan Administration has negotiated with NCSL…in the good faith that it shared a mutual interest in sorting out the responsibilities of government," the NCSL was not in fact acting in good faith because of the group's "long-standing political persuasion…and both the Administration and state legislators should be aware of the fact" (ALEC n.d.). The NCSL's "partisan character," according to ALEC, was exemplified by NCSL's new president, William F. Passannante, who voted "*against* the death penalty; *for* increases in welfare grants; *for* taxpayer financing of election campaigns; *for* pay increases for legislators; *for* the D.C. amendments; and *for* a gross receipts tax on oil companies…But the piece of legislation Mr. Passannante is most noted for sponsoring is his "Consensual Sodomy Bill" – one of the nation's pioneer gay rights" (ALEC n.d.). With such liberal leadership, ALEC concluded, "it is a grave mistake for the Administration to assume the NCSL represents a consensus" (ALEC n.d.).

Perhaps no contrast epitomizes the conservative rejection of the previously broadly respected legislative associations as much as Charlie Duke and Henry Toll. Both men were Republicans representing constituencies in the Colorado state senate that were a mere 75 miles from each other. But while Toll embraced nonpartisan efforts to professionalize the states in the

1920s, Duke would later describe the NCSL – the descendant of Toll's ALA – as a "liberal left-wing, commie, pinko" organization (quoted in Brown 1995).

NCSL and CSG continued to provide the same services to their members even as conservatives rejected their organizations. And for the most part, progressives continued to participate in the good government institutions that they had helped to assemble over the past century, even as ALEC grew in size and scope, eventually rivaling the size of NCSL's annual meeting by 1995 (Brown 1995). As we will see, it was not until the 1990s that liberal efforts to counter ALEC began in earnest. Until that point, the group was seen as playing a role complementing the other state associations, essentially fostering a pluralist interest group environment (Humphrey 1995). But by the 1990s, it was in many ways too late for liberals to easily catch up.

The disparities between support of the left and the right for non-partisan, good government institutions continues to present day. Indeed, if anything, conservatives find the NCSL to have an even more liberal bent than in previous decades. A contingent of Utah state legislators attended an NCSL conference in the 2000s, only to become "enraged at the 'liberal' positions adopted by the body" (quoted in Rolly 2009). Said one attendee at NCSL in 2009: it "always has leaned toward the left, but this year revealed a more blatant liberal agenda than past years" (quoted in Rolly 2009). And one conservative columnist opined that by 2012, the NCSL: "became a hard-left institution…run by a very liberal staff" (Flynn 2012).

There is an irony to conservatives' continuing backlash against NCSL. In many ways, the preponderance of liberal perspectives at the NCSL is a result of the conservative rejection of those associations – had conservatives remained committed to the good government associations, the leadership of these groups would have been more equally divided between ideological perspectives in recent times. But of course the NCSL is no direct counterweight for ALEC; though the group has espoused more liberal positions, especially in the mid to late 2000s, the group remains committed to providing non-partisan technical capacity to the states. The NCSL, for instance, rotates its leadership between the two parties, and rarely writes model bills, let alone actively promoting particular legislative initiatives. Liberals would need to create other organizations that could more directly counter ALEC's growing reach across the states.

Later Left Wing Efforts Repeatedly Flounder Without Sufficient Funding or Coordination

Thus far we have seen that one important reason for the left-right imbalance in the states is that liberals stuck with the good government infrastructure, like the NCSL, while conservatives abandoned those once broadly accepted institutions to develop their own more ideologically charged organizations, like ALEC and SPN, that ended up outflanking the left. But what happened when liberals attempted to construct activist networks of their own?

One such very early effort was the National Conference on Alternative State and Local Policies (CASLP). Formed in 1975 after a meeting of the same name in Madison, Wisconsin, CASLP aimed to "provide a forum and a meeting place for local officials and others to exchange ideas, bills, and proposals through a wide ranging program of publications, newsletters, and regional and national conferences" – in short, much like ALEC, but operating on the left (Shearer and Webb 1975). The group received funding and administrative support primarily through the Institute for Policy Studies, a left-wing think tank based in Washington, DC. Attendance in its annual meetings doubled from nearly three hundred in 1975 to six hundred in 1980 (Clavel 2010, 24). Like ALEC, CASLP recognized that many local and state lawmakers lacked the resources to design policy, and thus CASLP helped draft and disseminate a variety of model bills for city and state governments covering issues as diverse as "land use, tax reform, consumer protection, agricultural policy, minority employment, public power, community and state-owned enterprises, control of natural resources, women's issues, public employees, and many others" (Shearer and Webb 1976).

But despite strong interest in the group from lawmakers, as well as a series of notable legislative achievements across the states, CASLP slowly disappeared from the political scene in the 1980s. The last annual conference was held in 1980, and by the mid-1980s, Lee Webb, the group's founder, had moved on to other projects (Clavel 2010, 25). A key obstacle facing CASLP, and the reason for the group's demise, according to one leader in the organization, was "a constant lack of funding" from left-wing foundations (Clavel 1989, xiii). CASLP also was not able to successfully differentiate itself from existing membership associations of legislators like the CSG and NCSL. As we will see, insufficient funding and competition with existing associations will characterize the left-wing response to ALEC time and again, ultimately going a long way in explaining the lack of a more robust progressive infrastructure in the states.

Some of the participants in CASLP later attempted to institutionalize the initiative in the 1990s with the Center for Policy Alternatives (CPA), which intended to create a network of state and local lawmakers to disseminate progressive ideas and bills. The Center did produce and compile annual books of policy ideas, but according to interviews, funders were mostly interested in leadership training (W.K. Kellogg Foundation n.d.). CPA recognized this imbalance, with a former director bemoaning an "overall absence of focus on ideology." Explained the director: "what we're lacking is a framework and a strategy," at the state level "there are these single-issue groups out there flailing away. But we are at least two decades behind in understanding how to move policy through the state and to the national level" (quoted in Kallick 2002). With the end of the Center for Policy Alternatives in the late 2000s, a progressive political entrepreneur attempted to develop a more robust and direct counterweight to ALEC, and sought funding from both unions and foundations. That leader was unable to get "a dollar of funding" for the new state network.[68]

Another group called the Progressive Legislative Action Network (PLAN) attempted to fill this void as well. PLAN was formed in 2005, with an aim of providing "solid public policy research to progressive state legislators," as well as "assistance to legislators, their staffs and grassroots advocacy organizations to ensure that progressives achieve success at the state level" (quoted in Singer 2005). Explained PLAN co-director David Sirota, a progressive activist and former aide to Congressional Democrats: "No one argues that we progressives need to be doing a better job of countering right-wing organizations like the American Legislative Exchange Council [ALEC]…The key to this is getting outside of Washington, D.C., and really starting to use our state leaders as high-profile spokespeople. For too long, progressives have been marginalized by the insulated Beltway establishment that says the only place where action happens is in Washington, D.C." (quoted in Singer 2005).

But, right from the onset, PLAN faced the same two obstacles that would continue to hamper left-wing efforts in the states: insufficient funding and competition with existing piecemeal efforts. Progressive leaders who were involved in CPA immediately questioned the logic of launching a new organization that encroached on their territory. "[CPA is] such a good organization, my first reaction is why would we start another one?" questioned Wisconsin state representative Mark Pocan, a leader of CPA. "The bottom line is we have lots of networks. These are feisty Chihuahuas. I don't know if having six feisty Chihuahuas against one big gorilla

[68] Interview with progressive state policy advocate, 8/14/14.

does much," Pocan concluded (quoted in Conniff 2006). Another liberal activist who wasn't involved in either PLAN or CPA voiced similar concerns: "It troubles me that they may be reinventing the wheel" (quoted in Jacobson 2005). And aside from the competition with existing groups, PLAN struggled for funding. As *Roll Call* summarized: "PLAN is entering a world in which ALEC's budget outpaces CPA's 3-1, mainly because ALEC's conservative message resonates strongly with corporations with deep pockets. This revenue base has allowed ALEC, with an annual budget of $6 million and a staff of 30, to assemble top-notch materials and put on first-rate events for lawmakers" (quoted in Jacobson 2005).

PLAN later morphed into the Progressive States Network (PSN), in part a result of PLAN's "long-term financial challenges" (Jacobson 2005). While at its peak PSN could claim around 1,000 left-leaning state legislators as members, it was narrowly focused on short-term labor-related issues given that it relied heavily on union donations. The group did not prioritize long-term political strategy, which ultimately spelled its demise.[69] Indeed, the history of PSN was mentioned to me in several interviews as a cautionary tale of relying too heavily on labor unions for donations.[70]

Ironically, while labor unions, especially in the public sector, once spurred the right and business to develop cross-state policy networks as we saw in chapter 1, by the mid-1990s those organizations no longer were a major presence in promoting a progressive agenda across the states. This was in large part a function of the embattled state of the labor movement, itself an

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[69] Interview with progressive state policy advocate, 1/15/15.

[70] 8/14/15; 1/15/15 interviews.

outcome of the success of the right-wing troika that had targeted unions for defeat, as we saw in chapters 2 and 4.

A more successful initiative developed more recently in the form of ALICE, or the American Legislative and Issue Campaign Exchange, a project started by Joel Rogers, a sociology and law professor at the University of Wisconsin who has been affiliated with much of the past left-wing organization building. Still, according to interviews with ALICE staff, the group was never intended to be a direct copy of ALEC on the left, as the organization was unable to secure sufficient funding for the full range of services and activities that ALEC offers its state legislative members.[71] Instead, ALICE offered a clearinghouse of progressive policy research and proposals that lawmakers could use to help develop their own bills – a "library," rather than an aggressive lobby. Tellingly, Rogers had attempted to build a previous version of ALICE in 2006 that flopped given a lack of funding from traditional left-wing sources. Rogers had also started another initiative at the University of Wisconsin, the Center for State Innovation, which aimed to provide resources to state executives to develop progressive public policy.

Importantly, these various efforts to counter ALEC explicitly recognized the structural weaknesses that the right was exploiting. Thus the failure of the left to counter the right's institutions was not for a lack of understanding about the strategies deployed by ALEC and SPN. For instance, one effort by Rogers to construct an organization called the "Brandeis Project," a joint effort by the Center for State Innovation and the Progressive States Network in the mid-2000s, explained that:

[71] Interview with ALICE staffer, 12/7/13.

> "Most state legislatures are made up of poorly paid, part-time lawmakers with few if any staff to research or evaluate the laws they are asked to approve. This means that unless public-interest researchers and legal analysts supply them with better policy alternatives, they often just rubber stamp special interest legislation drafted by lobbyists. Even Governors and other statewide elected executives often lack critical policy capacity (including knowledge of their own powers, and what other states, are doing). State public interest advocacy groups are perennially strapped for talent, unable to meet demand." (The Brandeis Project n.d.)

Lastly, the Economic Analysis and Research Network (EARN) and State Policy Priorities (SPP) networks of progressive state-level think tanks have both operated for a number of years (since 1998 and 1993, respectively), but have also found themselves struggling to adequately respond to ALEC and SPN despite original ambitions to do just that. Started in 1993 by the DC-based Center for Budget and Policy Priorities, the State Fiscal Analysis Initiative (now called State Priorities Partnership) provides support for some 41 state groups doing research on budgets and programs for low-income Americans. With a somewhat broader mission, EARN includes about 61 policy organizations overseen by the DC-based, union-connected Economic Policy Institute. Legislators are not members of these networks, however, and these groups tend to focus on spreading policy-relevant research and building political coalitions. Many state affiliates of EPI – more than half – are also affiliates of the CBPP network, making the networks somewhat less than the sum of their constituent parts.

Although they have had important individual successes, such as defending state social programs against retrenchment and promoting the creation of state earned income tax credits in the 1990s and 2000s (see e.g. Schmitt et al. 2014; Lipsky 2016), their scale is nowhere near that of the right. According to the most recent budget data available for right and left networks of think tanks in the states from the IRS, SPN-affiliated think tanks had larger budgets than either left-wing network in 38 states. And aside from their budgets, there is also evidence that the media impact of the state-level think tanks on the right exceeds the impact of their counterparts on the left. One common metric for examining the influence of policy institutes is the volume of mentions they receive in the press. By this measure, SPN-affiliated groups received a total of 26,887 hits in the 2000s. In contrast, EARN-affiliated think tanks received a total of only 17,178 hits, about 36% less than SPN (see also Rich 2005 for similar evidence of the conservative dominance of state and regional think tanks). Equally notable is the fact that liberals have chosen to maintain two institutionally separate networks of state-level think tanks, each dueling for scarce funding, rather than opting for a single network, as the right has done through SPN.

In sum, progressive leaders have repeatedly sought funding from philanthropies to construct networks of think tanks, state and local policymakers, unions, and other advocacy groups. But in contrast to their conservative counterparts, those progressive leaders were hampered by several cultural and institutional obstacles present in left-leaning philanthropies. Most centrally, traditional progressive foundations have been reluctant to finance partisan policy development and lobbying, at least since the 1970s.[72] Reported one foundation leader in response to an interview asking if his organization would attempt to counter the rising influence of the right in state governments through ALEC and SPN: "We tend to fund national organizations in the mainstream with moderate views," and his philanthropy "would not fund think tanks at either end of the political spectrum" (National Committee for Responsive Philanthropy 1991, 12). Another liberal foundation head echoed the same distaste for engaging in partisan politics: "The way to make good local government is to clean up the political process, not to try to skew things from a particular point of view" (National Committee for Responsive Philanthropy 1991, 12).

[72] On the reluctance of non-profits to engage in politics more generally, see Berry and Arons 2005.

Similarly, one liberal observer noted in the early 2000s that while "large, mainstream foundations like Ford and Carnegie have come to understand the need for new investments in policy organizations geared toward doing battle in the states," it is "less clear … whether such foundations are willing to pony up the kind of serious money that is needed to make a real difference" – especially since state groups need donors "who are comfortable with an agenda that often can be quite partisan" (Callahan 2001).

The preference towards direct service philanthropy at the state and local level is only reinforced by the fact that there is a well-developed labor force of social work professionals across the states whose livelihood depends on giving from the major center-left foundations. Such professionals are especially concentrated in deep blue states, precisely where liberal philanthropic dollars are probably least useful in promoting political change. The states with the largest proportions of social workers as a share of the workforce in 2014 included California, Vermont, Washington, Massachusetts, and Connecticut – all typically considered to be bastions of progressive politics.

Even when left-wing funders have been willing to finance more explicitly political activities, especially promoting the development of particular legislation, it has largely been at the national level for both cultural and pragmatic reasons. As one report from a left-leaning philanthropy, the George Soros-funded Open Society Institute, summarized: "[f]or years, progressives—and especially Liberals—fought against devolution and stressed the belief that major social issues must be addressed nationally" (Kallick 2002). According to one observer, major center-left foundations are defined by a "national elitism," run by highly educated individuals who feel that the real talent and opportunities for political change lie in Washington, DC, not in state capitals.[73] Another progressive activist put it more bluntly: state policy work simply "wasn't sexy to donors."[74] Thus the lack of professionalization of state and local politics – which has been a key comparative advantage for ALEC as we have seen in earlier chapters – has also meant that progressive donors do not feel as if there is the possibility for major reform at the subnational level.

Aside from a cultural preference for national politics, there are also more substantive political justifications for a lack of investment in state and local policy groups.[75] Major progressive initiatives have frequently come at the national, not subnational, level given budget constraints faced by state and local governments, state lawmakers' fears of losing capital to other states or becoming a "welfare magnets," and the legacy of institutionalized racial oppression in many states and localities (e.g. Robertson 1989; Peterson 1995; Katznelson et al. 1993). As Heather Gerken has remarked, many progressives "think 'federalism' is just a code word for letting racists be racist. Progressives also associate federalism—and its less prominent companion, localism, which simply means decentralization within a state—with parochialism and the suppression of dissent" (Gerken 2012).

The result of these cultural and political calculations is that most of the major left-leaning foundations have invested little in broad-based subnational policy initiatives. One progressive leader and early head of the Center for Policy Alternatives reported that the first item on her "wish list" for the group would be to take left-leaning funders on a tour of the states, bemoaning

[73] Interview with progressive state policy advocate, 8/14/14.

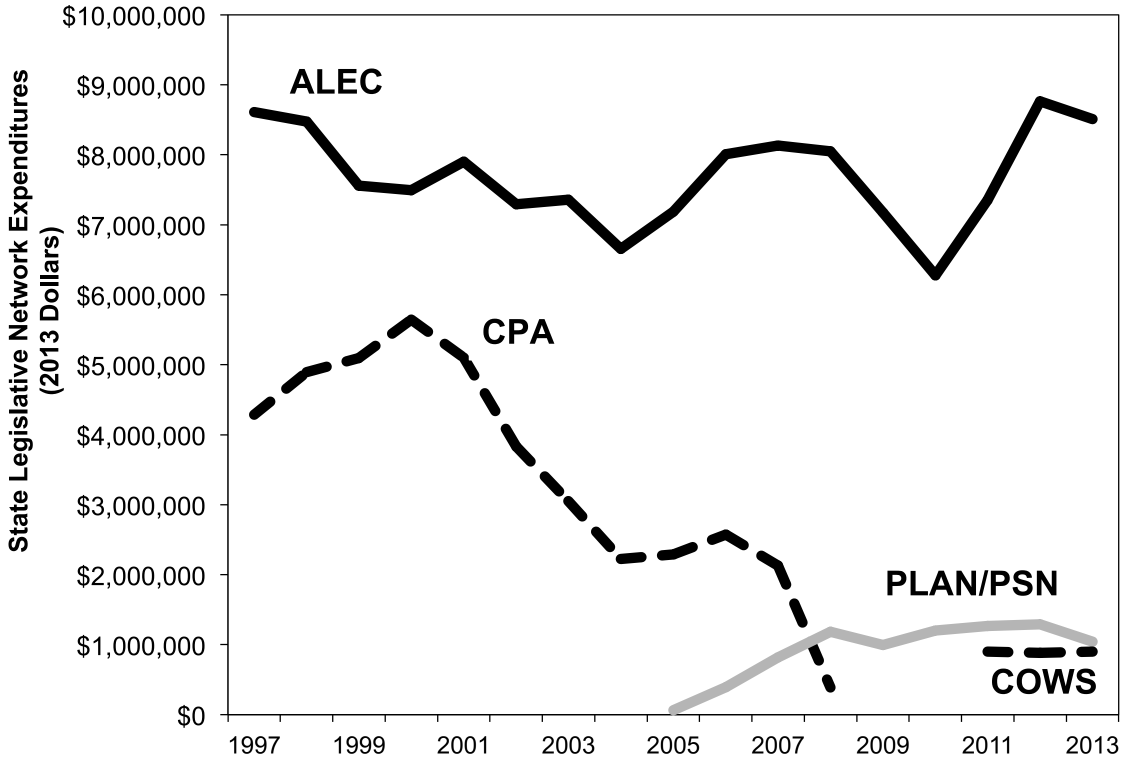
[74] Interview with progressive state policy advocate, 1/13/15.

[75] Interview with progressive state policy advocate, 1/13/15.

the fact that amongst those donors “there’s an enormous narrowness of vision about what states can do” (quoted in National Committee for Responsive Philanthropy 1991, 8). The same political leader further lamented that although there was minimal funding for state policy initiatives, “progressive funders *are* funding direct service efforts at the state or local grassroots levels. What’s missing is anything dealing with a larger vision. Who is funding the infrastructure for a progressive agenda?” (National Committee for Responsive Philanthropy 1991, 8). The center-left foundation bias against giving to subnational policy initiatives – and preference for local direct service – continues to present day.

Figure 5.1 summarizes the divergent fates of efforts to construct cross-state legislative efforts on the right and the left, showing the overall budget available to ALEC and the various liberal alternatives (all budget totals expressed in 2015 dollars). At no point did any of the left-wing alternatives – the Center for Policy Alternatives (CPA), Progressive Legislative Action Network or Progressive States Network (PLAN/PSN), or the various groups associated with Joel Rogers at the Center for Wisconsin Strategy (COWS) – manage to reach the funding levels enjoyed by ALEC. Perhaps even more striking is the fact that liberals were simultaneously pursuing a variety of poorly funded groups, instead of focusing their resources on a single organization, as with ALEC on the right.

Figure 5.1: Comparing ALEC Against Left-Wing Efforts



"Feisty Chihuahuas" Against a "Big Gorilla"

Throughout this chapter we have seen the persistent imbalance in the capacity of liberals to construct durable and effective networks of legislators, policy experts, and advocates to press policy demands across the states. Part of the explanation rested with the surprising secession of conservative lawmakers from once broadly accepted, bipartisan associations of policymakers, as they constructed their own alternative infrastructure for promoting a more explicitly ideological and partisan agenda in statehouses. Progressives initially continued to channel their legislative activities through the bipartisan associations, ultimately falling behind as conservatives built up ALEC, SPN, and AFP. The exit of conservatives from previously broadly embraced institutions of governance mirrors a broader pattern of behavior that has contributed to the asymmetric polarization in American politics that we have seen develop over the past four decades.

When liberal political leaders finally recognized the threat posed by the right, they found themselves stymied by a lack of robust funding. These entrepreneurs were forced to compete for scarce dollars from foundations that were reluctant to spend money on explicitly ideological or partisan advocacy across the states. Contemporary center-left donors, as we saw, tended to think in terms of national action, rather than focusing on the potential for cumulative state and local activities to promote coordinated policy change, as exemplified by the conservative movement and Progressive New Deal-era activists at the turn of the twentieth century. Unions – the group that could perhaps provide the most natural funding for left-wing networks to counter corporate funding on the right – are in steep decline, in part as a result of the strategic offensive staged by the right-wing troika.

Progressives thus duplicated efforts, first forming the CPA, then PLAN, PSN, and then ALICE (not to mention the efforts that never got off the ground) – a veritable alphabet soup of individual small initiatives that together formed a pack of "feisty Chihuahuas," rather than a true counterweight to the "one big gorilla" of ALEC. Nowhere is this clearer than the two dueling networks of state-level progressive think tanks that compete with one another for funding and overlap in their objectives. SPN faces no such competition on the right, instead serving as the main vehicle for coordinating conservative think tanks in the states.

All told, the early reluctance of liberal donors to support large-scale, well-coordinated subnational efforts has meant that the task of combating ALEC and SPN has only grown over time, magnifying small initial differences between the organizing capacities of the left and the right, and providing a central explanation for contemporary liberal woes in the states. Lamented one staffer in a left wing philanthropy: "The disconnect between what is spent now and what it would cost [progressives] to become a long-term opposition force is considerable" (quoted in Callahan 2001).

One important question raised by this chapter is whether it will ever be possible for the left to adequately counter the right's efforts at state mobilization. The prediction offered by this chapter is that a more muscular left-wing response to ALEC and SPN will depend on a robust network of financial patrons from sources outside of the philanthropic community, and possibly the private sector. Interestingly, in recent years there appears to be an initiative to do just that. The State Innovation Exchange (or SIX), founded in 2014, aims to "raise as much as $10 million a year to boost progressive state lawmakers and their causes — partly by drafting model legislation in state capitols to increase environmental protections, expand voting rights, and raise the minimum wage — while also using bare-knuckle tactics like opposition research and video tracking to derail Republicans and their initiatives" (Vogel 2014). Importantly, SIX was formed through the merger of three previously independent groups once competing with one another: PSN, ALICE, and the Center for State Innovation. SIX is also working with the Economic Policy Institute's network of state-level think tanks on some campaigns, though not the State Policy Priorities network (at least initially).

Major funding for SIX will come from the Democracy Alliance, a coalition of wealthy individual liberal donors, who may be unbound from the same cultural and institutional limitations associated with the traditional left-wing foundations. The new head of SIX has also noted that "his group is open to raising corporate money," explaining that SIX does "not want to unilaterally disarm and not work with the business community" (Vogel 2014), potentially indicating that left-wing state policy networks will finally have access to that important source of capital that has been essential for the right. While it is too soon to assess the effectiveness of

SIX, it nevertheless appears to be the left's best effort yet. What is clear, however, is that whether or not SIX succeeds – and how SIX's leaders decide to structure the group – will turn heavily on the presence and behavior of its financial patrons, and whether or not SIX will be able to successfully coordinate the disparate existing liberal efforts.

CHAPTER 6: THE COMPANY YOU KEEP

"So, why [should tech giants like Facebook or Google] be a part of something like ALEC? For the same reason that they're both part of any lobbying organisation at all. Sadly, the way that the modern economy works is that government, at all levels, has a great deal of influence over how business works…So, it is necessary for a large business to flash the cash around to both sides, to join lobby groups from all sides of the political compass. Simply because they have to be there to influence the politicians: no, not so much to get them to do what the corporation desires but to stop them doing something stupid which will screw over the corporation."

– *Forbes Magazine* (2012)

"Employers are social animals and, as such, develop their policy interests in packs; consequently their business organizations are deeply determinative of how they think about the world…"

– Cathie Jo Martin and Duane Swank, *The Political Construction of Business Interests* (2012)

"As executives become more involved in the group, you saw examples of them becoming more involved in public policy, becoming a leader in more and more policy areas."

– National business association executive, Interview with author (2014)

Faced with the threats posed by climate change, a number of state governments have begun to move on their own, passing legislation that either encourages or even requires the use of clean energy (Stokes 2014). Two of the most common approaches that states have used have been renewable energy standards (RPS) and net-metering. RPS laws create goals or even mandatory requirements for state utilities to obtain at least a certain share of their energy from renewable energy sources, like wind, solar, hydroelectric, or geothermal installations. Net-metering policies take a different approach, and permit residential customers who generate their own power – perhaps through a solar panel on their roof – to feed that electricity back to the power grid. Customers are then only billed for their net energy usage, and could thus even receive payments back from their utilities if they generate more power than they consume. Together, these policies have received strong support from both parties and since 1990 37 states have passed RPS goals or requirements and 43 states have put net-metering programs in place (Stokes 2014).

Yet while these policies are often broadly supported by the public and renewable energy companies, RPS and net-metering are bad news for traditional, fossil-fuel intensive energy companies. Coal and oil firms, in particular, stand to lose big if states shift away from their energy sources. What then could firms like American Electric Power, ExxonMobil, Koch Industries, and Peabody Energy do in response to this mounting threat from the states? If the threat to their industries came from Congress, the answer would be straightforward: launch an aggressive lobbying campaign to sway the votes of the handful of pivotal Representatives and Senators on key committees. But given that the threat is coming from across the states, these companies must contend with fifty different legislative bodies, each with their own idiosyncratic rules and cultures. Enter the corporate-conservative groups like ALEC and SPN. Instead of establishing a presence in each of the states to push for repeal of RPS and net-metering policies, companies can join these groups to push measures to undermine clean energy bills across all the states at once. ALEC, as we have seen, could easily promote anti-RPS and net-metering provisions through its system of model bill production and dissemination. SPN, for its part, could produce policy research, briefs, and op-eds opposing renewable energy measures that could be used by industry interests and legislators seeking to raise the cost of clean power.

This is precisely what fossil fuel-based interests have done over the past three years. Sponsored by the Heartland Institute, an SPN-affiliate, the "Electricity Freedom Act" was eventually turned into ALEC model legislation in October 2012. That bill would repeal any state law that requires utilities to procure energy from renewable sources (Eilperin 2012). According to the bill proposal "forcing business, industry, and ratepayers to use renewable energy through a government mandate will increase the cost of doing business and push companies to do business with other states or nations, thereby decreasing American competitiveness" (ALEC 2012). To support the Electricity Freedom Act, ALEC members turned to an analysis published by a Boston-based SPN affiliate, the Beacon Hill Institute, which claimed to show how renewable energy standards would impose steep costs on state governments and their citizens (The Beacon Hill Institute 2015). Although ALEC and SPN's efforts at stopping renewable energy standards have largely been stymied in those states with renewable energy standards already in place – West Virginia became the first state to repeal its standard in 2015, shortly after Ohio froze its mandate for two years – the corporate-conservative legislative blitz continues (Light 2015).

This example of renewable energy policy highlights several dynamics of the corporate-conservative coalition that I explore in this chapter, perhaps most centrally how threats from public policy are a major reason that firms join ALEC and SPN. I test this – and other potential explanations for why firms might participate in those groups – finding strong support for the notion that threats from government and labor unions drive participation in ALEC and SPN. Next, I focus on the most recent era where ALEC and SPN have had to deal with intense backlash from the media and left-leaning political groups, examining which firms were most likely to sever their ties to both organizations. Consistent with the logic I outlined in chapter 1, it was public-facing firms that were most exposed to consumer backlash – those that sold their goods and services directly to individuals, rather than to other businesses – that were quickest to distance themselves from ALEC and SPN. I also find that firms that were less accustomed to extensive political engagement through lobbying and electoral contributions were more likely to leave the group as well, suggesting that companies with more political experience felt that they could more easily weather the PR storm.

In the last analysis of this chapter, I turn from assessing the *causes* of participation in ALEC to the *effects* of membership in ALEC on corporate behavior. Drawing on literatures from corporate sociology, I hypothesize that the associations in which firms participate can change the ways that corporate executives view their interests and construct their political preferences. Examining quantitative data on corporate social behavior – for instance, their labor, environmental, and corporate governance performance – I find that longer and more intensive participation in ALEC shifts firm practices in a more conservative, market-oriented direction. Put differently, once companies have participated in ALEC for a number of years, they are more likely to have poorer labor relations, more damaging environmental practices, and more controversial corporate governance policies. ALEC participation, I find, also shifts firms' political behaviors, making companies more likely to take policy positions, and especially likely to adopt conservative policy stances. In short, participation in business associations matters for a range of substantive corporate behaviors, and ALEC appears to shape businesses practices just as much as it shapes legislators' activities.

Who Joins ALEC and SPN?

Why might firms join corporate-conservative alliances like ALEC or SPN? To explain these decisions, I test six distinct explanations that address different aspects of the calculus faced by a firm when deciding to join a lobbying effort, including the resources that firms can bring to bear on the political processes, the motivations firms might have for turning to politics, and firms' expected returns from politics.

Building on past work studying corporate political activity, a *resource* based explanation anticipates that larger firms will have more money, time, and expertise to contribute to political activities, and will stand to gain more from lobbying given their ability to capture a greater share of state rents. Assuming that firms have a constant demand for political participation, larger firms ought to have higher rates of political participation. Many other scholars have found that firm size – whether measured by sales, assets or employees – is a very reliable predictor of outcomes such as political contributions, lobbying expenditures, or the formation of a political action committee (Hillman and Hitt 1999; Hillman et al. 2004). The hypothesis flowing from this explanation is that larger firms will be more likely to join ALEC and SPN.

Notwithstanding the evidence for the resources explanation, it does not offer much insight into the specific factors that shape firm demand for political activity among large firms. The remaining explanations address these factors in more detail. In particular, I focus on the importance of *threats* to firms from a variety of sources. Government action (or inaction) has the potential to radically reshape markets, and businesses face significant incentives to use public policy as a means of improving their positions in the economy. This is especially likely when firms encounter risks to their profitability, and seek to reduce those risks through public policy. The first such threat I consider comes from other firms. It is ambiguous, however, in which direction such competitive pressure will push firms.

On the one hand, firms operating in highly competitive markets might join the corporate-conservative groups to promote onerous regulation on their competitors to drive them out of business. But, on the other hand, incumbent firms in consolidated markets might also use groups like ALEC and SPN to erect barriers to entry in their particular industries. Despite these groups' professed enthusiasm for the free market, they have at times supported both kinds of policies. Consider the case of the telecommunications industry and ALEC: ALEC has disseminated legislation that would prevent municipalities from providing public internet access (thus dampening competition and strengthening the position of incumbent firms) and has also stymied regulations and requirements on the entry of national telecommunications companies into state markets (which stops additional competition and protects incumbent firms; Fischer 2014).

A second economic threat to firms comes from organized labor. While the labor movement's overall position in the national economy is quite weak, there are still some sectors where labor commands a formidable presence. In 2013, for instance, about 27 percent of utility workers were members of a union, as were 27 percent of transportation and warehousing workers (contrast those figures with the 6.7 percent membership rate across all private sector workers; data from the Bureau of Labor Statistics). Similarly, there are a handful of states where unions, especially in the public sector, still represent a powerful force. Firms in those industries and states, then, have to face the prospects of collective bargaining and pressure from labor leaders to raise workers' wages, benefits, and working standards. The costs associated with such labor activity may thus lead companies to seek legislative provisions that would weaken labor unions. The corporate-conservative groups are well placed to serve such firm interests; they have long championed policies to diminish the power of organized labor in both the private and public sectors. A divergent prediction, however, is that greater exposure to unions might make firms more tolerant of the labor movement, both as they adjust their practices to accommodate the increased costs of labor and as management develops long-term relationships with their counterparts in the unions (see e.g. Mizruchi 2013).

A final source of economic uncertainty and risk comes from the government itself. While the state can promote policies to weaken a firm's opponents, it can also pass policies that lower corporate profits through taxation and regulation, or that place firms in direct competition with the government. Faced with the prospect of such policies, we ought to expect firms to engage in political activities to mitigate the threat from the government (see also Martin 2013; Campbell 2003 for similar concepts of policy threats). Thus we should expect that companies facing the prospect of more onerous regulation or taxation should be more likely to invest in ALEC and SPN.

Aside from the triggers for corporate action introduced by economic or political pressures, firms may also weigh how successful they are likely to be when deciding whether or not to enter politics – or *lobbying efficacy*. Even if a company has good reason to enter politics to defeat a particular regulation, or to weaken labor unions, it might be reluctant to do so if it appears that there is little chance of success. Therefore we must also consider the degree to which businesses perceive that their investment in corporate-conservative groups will pay off. As we learned in the previous chapters, the strongest explanations for the legislative success of ALEC were the ideology of legislators and the availability of policy resources; understaffed and conservative lawmakers were much more likely to turn to ALEC's bills. Accordingly, we might expect that firms operating in highly conservative states, or states with only weakly professionalized legislatures, would be more likely to participate in the corporate-conservative groups.

My last explanation for corporate participation in ALEC and SPN centers on firms' existing exposure to politics. As past research on corporate political engagement has indicated, companies, like individuals, are more likely to engage in political activities if they have had prior experience in politics (e.g. Drutman 2015). Businesses are more likely to establish a political action committee, for instance, if they already have a government affairs office, and they are more likely to give contributions if they are already participating in business associations. Another reason why firms engaging in other forms of national political participation might find groups like ALEC appealing is that ALEC deals with state politics, something that other national associations do not. Thus firms could view engagement in ALEC and SPN as a valuable complement to their existing activities at the national level. Following this explanation, we would expect that firms with greater exposure to national politics – for instance, greater involvement in other national political associations or experience with federal lobbying and electoral contributions – would be more likely to join ALEC and SPN.

Assembling a Roster of ALEC and SPN Membership

As should already be clear, obtaining data on the membership and operations of ALEC and SPN is no easy task. Corporate membership rolls for both organizations are not publicly available from the groups themselves. The Center for Media and Democracy, however, has made a concerted effort to pin down the businesses that have backed both groups through a combination of direct inquiries to firms, a review of archival material, and leaked documents from the groups' annual meetings. The current version of their database represents the best available list of corporate participation in ALEC and SPN (SourceWatch 2015, 2016).

Unfortunately this database does not indicate the years in which a company was participating in either ALEC or SPN, thus my outcome is simply whether a firm had *any* ties to these groups throughout the 1990s and 2000s. This means that I cannot consider variation over time within the same firms, and instead I have to consider the correlation between the average characteristics of firms over the 1990s and 2000s and whether they had, at any point during that period, participated in either group.

To construct my sample, I limit my focus to companies listed on the Fortune 500. I do this for both practical and substantive reasons. Practically, I need to define the universe of my analysis, and the Fortune 500 list makes for a reasonably sized group of companies that represents a population of particular interest – major corporations in the United States – with sufficient information about each firm.[76] Substantively, I find the participation of Fortune 500 companies in ALEC quite interesting since many of these companies, especially the larger ones, are so visible to the public, making their involvement in these two groups all the more puzzling given the potential costs to these firms of negative media exposure, as I have discussed in chapter 1. In contrast, smaller companies outside of the Fortune 500 might have less to lose from participating in ALEC and SPN because of their lower visibility.

I code whether each of the firms listed on the Fortune 500 from 1990 to 2013 appears on the Center for Media and Democracy's list of ALEC or SPN-affiliated firms. 23% of companies

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[76] As a robustness check, I also repeated my analysis on all firms listed through Compustat (approximately 14,000 firms). Unfortunately I was unable to match political giving data for all of these additional firms. For all other variables, however, I found largely similar results.

participated in one group, and two percent participated in both organizations. Those firms that participated in both ALEC and SPN include Comcast, Express Scripts, Microsoft, Philip Morris, Reynolds American, Time Warner, and Verizon. I create a measure of corporate membership for my analysis coded as follows: a two indicates participation in both ALEC and SPN, a one indicates participation in only ALEC (no member of SPN was not also a member of ALEC), and a zero indicates participation in neither group.

Examining the industrial composition of ALEC and SPN participants, I find strong clustering. Firms in the transportation, health care, food, energy and resource extraction, and IT industries were especially likely to be engaged in ALEC and SPN. Firms in the hospitality, construction, and business services industries were the least likely to be participants. Table 6.1 summarizes the share of firms in each of the possible 64 industry classifications that were participants in either ALEC or SPN. (I only include the sectors with the lowest and highest group membership rates.)

Table 6.1: Industries with the Highest and Lowest ALEC and SPN Membership Rates, 1990 to 2013

Industry	Membership Rate	Industry	Membership Rate
Advertising/Marketing	0%	Construction and Farm Machinery	40%
Apparel	0%	Petroleum	40%
Automotive Retailing, Services	0%	Beverages	50%
Computer Peripherals	0%	Computer Software	50%
Construction	0%	Health Care, Insurance	50%
Outsourcing Services	0%	Metals	50%
Engineering, Construction	0%	Publishing	50%
Health Care: Medical Facilities	0%	Trucking	50%
Home Equipment, Furnishings	0%	Waste Management	50%
Hotels and Resorts	0%	Utilities, Gas and Electric	53%
Insurance: Life, Mutual	0%	Pharmaceuticals	73%
Oil and Gas Equipment	0%	Prepared Food	75%
Scientific Equipment	0%	Internet Services	80%
Securities	0%	Mail	100%
Temporary Help	0%	Railroads	100%
Wholesalers	0%	Tobacco	100%

Notes: Table shows the industries with the highest and lowest membership rates in ALEC and SPN; see text for more details. There are sixty-four possible industry classifications in total.

Apart from industry, there was also considerable geographic clustering of participating firms: businesses headquartered in the heart of Old Dixie (the East South Central census region, consisting of Alabama, Kentucky, Mississippi, and Tennessee) were nearly twice as likely as other firms to participate in ALEC and SPN. As we will see, these regional patterns persist in my results even after I include a range of other firm- and state-characteristics. Table 6.2 summarizes this variation by region.

Table 6.2: ALEC and SPN Corporate Membership Rates by Region

Region	ALEC and SPN Membership Rate
Mountain	13%
New England	18%
West South Central	20%
Pacific	22%
Middle Atlantic	25%
West North Central	26%
East North Central	28%
South Atlantic	30%
East South Central	44%

Notes: Table shows the corporate membership rate in ALEC and SPN by Census region; see text for more details.

I gather a range of variables that correspond to each potential explanation. For each variable, I gather data from 1990 to 2013 and estimate the average value over this time period. I measure firm size with logged *firm revenues*, using data from Compustat. Given that past research has identified a curvilinear relationship between firm size and political participation, I also test a squared term of this variable. To gauge the *competitive threats* that firms face, I compute the Herfindal-Hirschman index, a common measure of market concentration by industry. The index ranges from zero to one, where one indicates the presence of a single firm.[77] Industry and state union membership densities provide a measure of *labor threats* to firms.[78] I assign the average union density of the state in which each company is headquartered. I measure two distinct policy threats faced by firms. Income tax payments as a share of revenue offer an indication of the *tax burden* felt by firms; greater income tax payments could trigger firms to

[77] The index is computed as the sum of squared market shares of firms in a particular industry. I compute the index based on S&P industrial classifications using data on sales from Compustat.

[78] Data from www.unionstats.com.

pursue participation in ALEC and SPN as a means of reducing their tax burden.[79] Additionally, I code a variety of industries as being exposed to *regulatory threats* by state and federal governments. Using past schemes from other authors (Burris 2005), I code each industry as having a threat of considerable regulation or not.[80]

In order to capture firms' perceptions of the effectiveness of ALEC and SPN for their lobbying needs, I use two variables. One is the average *ideological liberalism* of state governments over the 1990s and 2000s for the states in which a firm is headquartered (data from Berry et al. 2010). The other is the average *legislative professionalism* of the state in which a firm is headquartered, the same measure I have used in previous chapters to capture policy capacity. While I would ideally capture the political liberalism and legislative professionalism for all of the states in which a firm was operating over this time period, no such data exists on a systematic basis for each of the Fortune 500 firms. But the states where firms are headquartered ought to be the locations where they employ a significant number of employees; firms ought to thus have strong incentives to shape public policy in those states. This also follows similar practices by other scholars studying how the political environment in the states shapes corporate behavior (e.g. Werner 2012).

Lastly, to code firms' engagement in other political activities, I retrieved the total amount (if any) spent by each firm on *campaign contributions and federal lobbying* in the database

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[79] Ideally I would examine both state and federal income tax exposure. Unfortunately the data on state income tax payments are very limited, so I opt for federal income tax payments instead.

[80] These heavily regulated industries include airlines, chemical production, financial services, energy, health care, pharmaceuticals and other health products, mining and resource extraction, pipelines, transportation, tobacco, and utilities.

maintained by the Center for Responsive Politics.[81] To scale total political effort by a firm's size, I summed contributions and lobbying together and divided that figure by a firm's total revenue. This measure ensures that political giving does not simply reflect the size of a firm. I also examined whether firms ever participated on the boards of the other *major national business associations* over this period, including the Business Roundtable, the U.S. Chamber of Commerce, or the National Association of Manufacturers (NAM).

My method for analyzing firm participation in the coalition is ordered logistic regression, though I find similar results using OLS. In addition to the substantive variables of interest that correspond to my potential explanations, I also include region fixed effects (corresponding to the nine census-designed regions) to capture effects of geographic clustering, which other scholars have identified as an important consideration when examining firm lobbying behavior (e.g. Wright 1989).

Explaining Corporate Membership in ALEC and SPN

Table 6.3 summarizes the substantive results from my main analysis (full regression results are reported in an appendix to this chapter). The rows of Table 6.3 each represent a different explanatory variable I have included in my analysis, moving from the variables with the largest to the smallest effects on predicted ALEC and SPN membership.[82] (Explanatory factors that had effects that were not distinguishable from zero with some certainty, according to the

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[81] In cases where firms had multiple PACs, I added all of these together.

[82] One concern comes from the fact that the political participation variables – political spending and participation in business associations like the NFIB and NAM – are themselves caused by policy threat and resource factors. The political participation variables are, in statistical parlance, "post-treatment" variables. I therefore run the analysis with and without these factors and find identical results for the remaining factors.

regression analysis, are not included in the table.) In general, I find the strongest support for the resource, policy threat, labor threat, and political engagement variables. I find modest support for lobbying efficacy, and essentially no support for industrial competition.

Table 6.3: Explaining Corporate Membership in ALEC and SPN

Variable	Change in Predicted ALEC and SPN Membership
Firm Revenue (*Minimum to Maximum*)	+ 88 percentage points [79, 96]
Income Tax Burden (*Minimum to Maximum*)	+ 74 percentage points [70, 77]
Political Spending (*Minimum to Maximum*)	+ 64 percentage points [33, 95]
Industry Union Threat (*Minimum to Maximum*)	+ 31 percentage points [5, 57]
Membership in NFIB and NAM (*No Membership to Membership*)	+ 27 percentage points [4, 50]
Regulatory Threat (*No Threat to Threat*)	+ 13 percentage points [5, 21]
State Legislative Professionalism (*Maximum to Minimum*)	+ 9 percentage points [5, 31]

Notes: Table shows the change in the predicted probability of a firm participating in either ALEC and SPN, or both, holding all other variables constant, based on the results of an ordered logistic regression. 95% confidence interval in brackets below estimate.

Resource-based explanations receive the strongest support in these results. Larger firms, as measured by revenue, are much more likely to have participated in ALEC and SPN than smaller firms, even among this subset of the 500 largest firms in the United States. Moving from the least to the most corporate revenue increases the probability that a firm will have any corporate-conservative ties by 88 percentage points. Interestingly, I find no evidence of a curvilinear effect of firm size, as indicated in past research, whereby the effects of firm resources diminish at very high levels of revenue.

Threat-based explanations receive more varied support. I find no relationship between the degree of market competition faced by firms and the likelihood that a firm will join ALEC or SPN. In contrast, I find very strong evidence that threats from the government and the labor movement spur firms to participate in corporate-conservative alliances. Sectoral – but not state – union power appears to matter most for explaining participation in ALEC and SPN. A firm exposed to the lowest level of sectoral labor power has slightly less than a 50% probability of participating in ALEC and SPN, but a firm exposed to the highest level of unionization has a 78% chance of joining either of those groups. Having a regulatory threat from federal and state governments also increases the probability of group participation, though by a smaller amount: around 13 percentage points. Those two effects, however, pale in comparison with the threat of increased taxation: the least-taxed firm in the sample had essentially a zero percent probability of joining ALEC or SPN, while the highest-taxed firm has a 75% probability of membership.

Turning to businesses' evaluation of their anticipated success at lobbying state governments, I find similarly mixed evidence. There does not appear to be any relationship between state government liberalism and membership in the corporate-conservative groups. Firms operating in highly liberal states were just as likely to join ALEC and SPN as companies in much more conservative states. Average state legislative professionalism, however, was a slightly better predictor of membership. Companies located in states with weaker policy capacity – that is, legislatures that were less professionalized and potentially more susceptible to lobbying by ALEC – were slightly more likely to join ALEC and SPN compared to companies in states with more professionalized legislatures where ALEC's model bills and resources would be less effective. Moving from the most to least professionalized state increased the probability of having any group affiliation by 9 percentage points.

The final set of explanatory factors I assess related to firms' other forms of political engagement, namely, their participation in other business associations and their political giving. As indicated by Table 6.3, membership in the NAM and the NFIB – two very conservative business associations – is a very strong predictor of ALEC and SPN involvement. Firms that were not involved in either NAM or the Chamber had about a fifty percent chance of joining the coalition. Firms that were members in both the NAM and the Chamber had a 78% chance of joining the coalition. In contrast to NAM and the Chamber, participation in the Business Roundtable was not predictive of participation in ALEC and SPN.

Political giving (the total of firm contributions and lobbying expenditures), like NAM and Roundtable membership, was highly predictive of group participation. Moving from the minimum to the maximum level of political giving was predicted to increase the probability of ALEC and SPN membership from 16% to 81%. Examining lobbying and campaign contributions separately, lobbying dominates the political giving effect. Campaign contributions have no statistically distinguishable effect on the probability that a firm will participate in ALEC and SPN.

Even after accounting for important state-level characteristics such as union density, legislative professionalism, and state government ideology, I still find strong geographic clustering of coalition members. In particular, the Southern effect, which I identified earlier, persists: companies located in Old Dixie were about 19 percentage points more likely to join ALEC and SPN compared to firms not in in those states. This might reflect the historical development of the region, in which states used public policies that lowered labor, regulatory, and tax costs on companies to entice executives to move to the South from higher-wage labor markets in the North (Cobb 1993). ALEC and SPN may have thus played a role in fostering the Southern low-wage economic development strategy.

Together, these results suggest several important conclusions about corporate membership in ALEC and SPN, with broader implications for our understanding of corporate political activities. First, as with other forms of corporate political engagement, larger firms with more resources on hand were much more likely to participate than smaller firms. This tendency makes sense to the extent that participation in both groups, but especially ALEC, is a costly investment for firms to make: it requires a donation of money, but more importantly, it requires the participation of top executives in multiple meetings, conference calls, and workshops throughout the year to discuss the details of specific policy proposals. The cost associated with ALEC is especially large to the extent that companies need to contribute more to overcome potential opponents in task force debates – smaller firms may not join if they are uncertain of whether they will be able to pay enough to defeat potential adversaries. The findings for firm size run counter, however, to the general perception that small businesses (or at least those groups claiming to represent small businesses) tend to stake out more ideologically conservative positions compared to large, multinational corporations (Martin 2000; Hertel-Fernandez and Skocpol 2013).

The analysis I have presented here also suggests that firms turn to corporate-conservative alliances when faced with threats from the government or from the labor movement, but not necessarily competitive pressures from other firms. We saw that firms facing strong labor unions were much more likely to join ALEC and SPN compared to firms in sectors with low union density. Thus, contrary to the hypothesis that companies that encountered strong unions would moderate their stances towards labor, becoming more accepting of labor costs and collective bargaining, it appears that the threat of strong unions actually serves to mobilize firms into alliance with conservative political activists. In turn, these results square with the broader tendency of American business to adopt a much more aggressively anti-union posture in recent decades (Vogel 1989; Hacker and Pierson 2016; Mizruchi 2013); ALEC and SPN have provided a means for businesses to pursue that agenda through legislative action. ALEC may have spurred a greater opposition to unions within its corporate membership, too, as we will see soon.

Aside from the threat of labor, the threat of government regulation and taxation also provided a powerful impetus to join ALEC and SPN. These findings underscore the importance of policy threats for corporate political mobilization, fitting well with David Vogel's and Benjamin Waterhouse's accounts of corporate mobilization in the 1970s (Vogel 1989; Waterhouse 2013). Both authors argued that the environmental, occupational, and health regulations enacted during the early 1970s helped trigger business mobilization across different industries and sectors. Businesses now had a common opponent, and a clear objective. My results here suggest that firm-specific policy threats can also provide an important reason why individual firms would join collective efforts to lobby across the states.

Additionally, these findings show that firms consider participation in ALEC and SPN to be a complement, not a substitute, to other forms of engagement in national politics. How much companies spent on Beltway lobbying was one of the best predictors of whether or not a firm has been an ALEC or SPN member. It should come as no surprise, then, when the media discovers that firms like Visa, Southern Corporation, or Altria have been ALEC or SPN members, since these firms also spend a great deal of money on traditional political giving. ALEC and SPN memberships are simply another investment in the lobbying portfolio for these companies. This pattern was also reflected in the tendency of NAM and Chamber members to participate in

ALEC and SPN; this finding suggests that membership in national business groups, like traditional lobbying in DC, is not a substitute for ALEC's or SPN's services, but rather a complement.

Equally interesting is the fact that Business Roundtable membership was a very poor predictor of coalition participation: there was not much overlap between the leaders of the Roundtable and the members of ALEC or SPN. This may reflect that compared to other business groups, especially the Chamber and ALEC, the Roundtable has typically maintained a more pragmatic approach to politics that eschews a staunchly conservative ideology. Though the Business Roundtable's legislative campaigns frequently revolve around conservative issues (including defeating labor union reform legislation and lobbying for lower corporate taxes), the group has also embraced more moderate positions, too, such as supporting tax increases to balance the federal budget, economic stimulus, health reform, and efforts to address climate change. We will return to this distinction between the Chamber, the Roundtable, and ALEC in greater detail shortly.

Examining the Policy Threat Explanation in Two Industries

The preceding analysis established the broad quantitative relationship between threats from government and corporate decisions to participate in ALEC and SPN – but how has this relationship played out in practice? To illustrate in more detail the importance of policy threats for participation in corporate-conservative groups, I turn to two vignettes from very different industries that show how common policy threats spurred firms to join ALEC, as executives sought the unique, cross-state services that the group was able to provide to its member firms.

Health insurers, pharmaceutical manufacturers, and the Clinton health reform plan: In some ways, the health insurance and pharmaceutical manufacturing sectors offer the clearest example of the policy threat argument. Much more than other sectors, health insurers face considerable regulatory pressure at the state level, as states have set rules on the benefits insurers must provide, the rates insurers can charge, and the populations insurers must cover. Similarly, pharmaceutical manufacturers must deal with a heavily regulated process for developing and selling their products to the public. As a result, these are two of the most politically active industries in both state and federal politics. The fierce battle that ALEC waged on behalf of the insurance industry and pharmaceutical manufacturers against major federal health reform provides an excellent case study of the ways that these two sectors found a comparative advantage working with ALEC to advance their policy interests. The battle over health reform in the 1990s also nicely illustrates the different strategies that ALEC could offer to business. In this case ALEC not only helped companies to promote business-friendly standardization of policy across the states, but also leveraged its cross-state network of lawmakers to pressure Congress into dropping legislation threatening the for-profit health services sector.

Many insurers and pharmaceutical companies had added ALEC to their arsenal of lobbying tools during the group's early battles over state tort reform and corporate liability laws in the late 1980s (e.g. ALEC 1986b), discussed in chapter 1. Just a few years later, it became clear that a major overhaul of the health care system was on the horizon – and ALEC helped to organize the corporate response. Health care became a significant issue during the presidential primaries, and continued to be hotly debated throughout the ultimately successful campaign of Democratic candidate Bill Clinton.

In response, ALEC's health care task force, which had now grown to include 41 private sector members, assembled a report intended to stake out the group's principles for health reform to rebut any forthcoming measures from the incoming Clinton administration. Insurers and pharmaceutical companies had every reason to be concerned about the impact of legislative action. Their industries were the prime targets for Democrats deploring the rapidly growing ranks of uninsured and underinsured Americans who could not afford quality health insurance coverage. These worries affected not only the poor, but increasingly the middle class as well, who were discovering that their expensive plans did not adequately protect them against the risks of large and unexpected health costs. Two public opinion analysts found at the time that some 60 percent of Americans worried that they would not be adequately insured in the future (Blendon and Donelan 1991). Meanwhile in Washington, DC, a number of ambitious reform proposals circulated in Congress, some of which would have supplemented private health insurance with new public insurance options. A variant of such a plan was even championed by Democratic presidential candidate Senator J. Robert Kerrey of Nebraska and was supported by a number of Congressional Democrats (Kerrey 1991). That sort of health reform plan would have represented potentially significant losses for private health insurance companies – which would have to compete with low-cost public options. The introduction of new public health insurance plans was also threatening for pharmaceutical manufacturers, which would have faced tough new limits on the prices they could charge for their drugs.

Insurers and pharmaceutical manufacturers were thus well represented in ALEC's group authoring the report on health reform (ALEC 1993c). Twenty out of the 41 private sector representatives on the task force came from pharmaceutical firms, including large companies such as Hoffman-LaRoche, Burroughs-Wellcome, and Glaxo, and pharmaceutical trade groups like the Nonprescription Drug Manufacturers Association and the powerhouse Pharmaceutical Research and Manufacturers of America (or PhRMA). Nine other members were insurers, including the industry's main trade group and major companies such as Humana. Published 15 months later in January 1993, this panel's report provided business-friendly options that would create "accessibility and affordability for all Americans" by "instilling competitive incentives into the health care marketplace" (ALEC 1993c).

Unsurprisingly, the model bills outlined in ALEC's 142-page report hewed strongly to the interests of the companies represented on the task force's private sector panel. To improve the affordability of health insurance, the report recommended providing "stripped down, bare bones health insurance" to individuals and businesses that could not afford more comprehensive plans, and called for a review of benefits that states required insurers to provide by law, such as maternity coverage, as well as limits to the oversight that states had over insurance premium rate hikes (ALEC 1993c). States were also encouraged to provide tax credits for individuals to purchase individual plans from insurers. Together, these measures represented a very stark divergence from even the more centrist managed-competition plans under discussion in the Clinton administration. State lawmakers took up the proposals in earnest, and in 1993 over 100 of ALEC's health care proposals were introduced across the states, and 17 were eventually enacted into law, providing a clear victory for the insurers and pharmaceutical firms that had authored the report (ALEC 1995a).

The publication of this document helped to establish ALEC as a player in the burgeoning health reform debate, and was even enough to help get the group invited to a briefing at the Clinton White House with the President, the First Lady, the Treasury Secretary, and the administration's top health care staffer at the time to discuss the health reform proposal the Clintons were drafting (ALEC 1993a). But while the report that ALEC developed had provided a path forward for business-friendly health reform in the states, it did not directly help to undermine the advancing Clinton proposal, which itself still posed a major risk for the insurance and pharmaceutical sectors.

As a result, ALEC's task force on health reform worked throughout 1993 to come up with a state resolution that would oppose a key funding provision of the forthcoming Clinton health reform plan, which ALEC viewed as being a crucial political weakness of the plan (Morris 1993). ALEC had calculated that they could effectively draw attention to the increase in the tobacco excise taxes that the Clintons were proposing to pay for their reform measure. Focusing on this component of the legislation also had the added bonus of attracting support for ALEC's efforts from the tobacco industry as well, which was intensely worried about the proposed increase in tobacco levies. As the Tobacco Institute's director at the time explained to its member firms, "we plan… to work closely with Washington representatives," including ALEC, "to raise objections" about the tobacco tax (Chilcote 1993).

ALEC's plan was to encourage its state lawmakers to pass the resolution against the health care financing mechanism, using it as an opportunity for state legislatures to signal their disapproval of the Clinton plan, which in turn would put pressure on Congress to vote against an eventual health reform bill (Morris 1993). The resolution could also be used to rally other important actors to ALEC's efforts. The timing, ALEC leaders stressed, ought to be "contemporaneous with or just prior to release of the Hillary Clinton-led Health Care Task Force Reform report" (Morris 1993).

Later that year, ALEC made the Clinton health plan a centerpiece of its annual meeting, holding a session for state lawmakers on the "Federal Health Care Debate and its Effects on the States," which discussed the negative "direct effects a "Clinton style" health care plan would have on the states" (ALEC 1993b). In a sign of how seriously ALEC was taking this debate, the panel included ALEC's own executive director at the time, Samuel Bruenlli, as well as the chair of the ALEC health care task force, conservative Arizona Representative Jon Kyl, and Dr. John Goodman, a health policy expert from one of Texas' SPN affiliates (ALEC 1993b). Other sessions also touched on how state lawmakers could push back against the reform effort, including a keynote panel from Representative Kyl, a workshop organized by the president of the Pharmaceutical Manufacturers Association, and a panel from states that had enacted their own, more business-friendly versions of health reform (ALEC 1993b).

ALEC's model bill proposal and sessions at its annual meetings decrying the Clintons' health reform initiative were surely important in fostering opposition to the measure among their members. But perhaps the most crucial way that ALEC helped to stymie the health reform bill occurred once the legislation was under consideration by Congress in 1994. At that point, ALEC commissioned two university-based researchers to author a study that would document the costs of the legislation. The eventual report, *Concealed Costs*, used a series of questionable assumptions and methods to estimate that the Clintons' Health Security Act would result in massive declines in personal income, state and local revenue, and employment (Vedder and Gallaway 1994).

Importantly, the report included state-by-state estimates of each of these losses, which permitted ALEC to then partner with a number of other conservative advocacy groups to hold local town halls and briefings in state capitols across the country. At these events, ALEC would have its legislative members, often paired with a U.S. Representative or Senator, discuss the findings of the *Concealed Costs* report for their own state, emphasizing the reasons why the Clinton plan needed to be defeated. One of the most frequent partners for these events was Citizens for a Sound Economy (CSE), a conservative grassroots advocacy group co-founded and funded by Charles and David Koch (and the precursor to Americans for Prosperity). CSE counted some 250,000 citizens as grassroots members, and recruited them in their blitz against the Health Security Act (Grassroots America 1994).

A local Oklahoma newspaper provided a typical description of how CSE and ALEC worked together in one of these joint events. ALEC sponsored a forum in Oklahoma City, timed to coincide with a visit from first lady Hillary Clinton to discuss the administration's reform proposal. Two prominent Oklahoma politicians – U.S. Senator Don Nickles and state representative Mary Fallin (herself an ALEC member) – held a press conference in which they released a state version of ALEC's study on the impacts of the Clinton plan (Hoberock 1994). An op/ed piece based on the report was timed to be released in a state newspaper that week. Shortly after ALEC's legislative briefing ended, Citizens for a Sound Economy then organized a protest on the steps of the Capitol with many of its 4,000 Oklahoma members present (Hoberock 1994).

Similar joint ALEC-CSE events were convened in dozens of other states with key Congressional votes for the Health Security Act, including Illinois, Louisiana, Texas, and Minnesota (Grassroots America 1994). ALEC bragged that their forums had caught liberals so much by surprise that it was not until well into 1994 that pro-reform groups managed to start organizing counter-protests at ALEC events (ALEC 1994d). All that mobilization ultimately paid off, putting grassroots pressure on members of Congress from both parties and forcing politicians to acknowledge the appearance of swelling opposition to the health reform bill (ALEC 1994d). It is hard to parse out just how much of an effect ALEC's individual efforts had on the demise of the Clinton health reform bill. Still, there is qualitative evidence to suggest that ALEC's role was significant. According to Senator Paul Coverdell, a Republican who led the charge against the

Health Security Act in Congress: "Of the various private-sector groups I worked with in opposing the Clinton Health Care Reform plan, ALEC had the most impact (ALEC 1994a)." And regardless of its contribution to the overall failure of Clinton health reform, the group certainly provided a crucial mechanism through which the health insurance and pharmaceutical industries could defend their interests against the threat of federal regulation. ALEC was, in the words of ALEC's leader at the time, a "great investment" for health insurers and pharmaceutical manufacturers (ALEC 1995a).

Online retailers and Internet sales taxes: Health insurance and pharmaceutical manufacturing are two industries that have historically leaned strongly to the right. The insurance industry has given nearly twice as much in direct federal campaign contributions to the GOP than to Democrats from 1990 to 2016, and the breakdown for pharmaceutical firms is about the same, according to data from the Center for Responsive Politics. As a result, it might not come as a surprise that these firms have worked with ALEC and SPN in the past.

But what about more traditionally liberal-leaning industries? Have firms in these sectors also worked with ALEC in response to policy threats? Here the technology sector provides a useful example. Much more strongly identified with liberals, high tech firms like eBay, Amazon, and Microsoft have tilted towards the Democrats in their federal giving from 1990 to 2016 by over a two to one margin (according to the Center for Responsive Politics). In addition, tech sector leaders have tended to be much more supportive of efforts to address issues increasingly identified with the left, such as climate change and immigration reform (Eng 2015; McCabe and Trujillo 2015). Yet despite the liberal tendencies of these companies' executives, when push comes to shove on key policies that threatened the high tech sector's core interests, these firms have joined ALEC to protect their bottom lines.

The taxation of out-of-state Internet sales proved to be one such area that posed a major threat to the profits of online retail giants like Amazon, eBay, and Overstock.com. A 1992 Supreme Court ruling, *Quill v. North Dakota*, established that states and localities could only impose sales taxes on out-of-state retailers if that retailer had a "substantial nexus" – like a physical presence – within the taxing state (ALEC 2009c). The *Quill* decision effectively exempted online sales from the reach of state and local governments.

This arrangement suited online retailers just fine. Although the electronic commerce giant Amazon has repeatedly denied that it benefits from low or nonexistent state sales taxes on its products, other documents suggest otherwise. When describing why he located Amazon in Washington state, as opposed to California or New York, founder Jeff Bezos had an easy answer: "it had to be in a small state. In the mail-order business, you have to charge sales tax to customers who live in any state where you have a business presence. It made no sense for us to be in California or New York" (quoted in Mazerov 2010). Similarly, in Amazon's filings to the Securities and Exchange Commission, the company more directly acknowledged the degree to which it depends on states and localities not taxing its products, writing that "a successful assertion by one or more states . . . that we should collect sales or other taxes on the sale of merchandise or services could . . . decrease our ability to compete with traditional retailers and otherwise harm our business" (quoted in Mazerov 2010).

What was good for Amazon and its fellow Internet retailers, however, was bad for state coffers. By failing to tax the sale of these goods and services, state and local governments were losing out on a growing base of potential revenue. One estimate, from the National Conference of State Legislatures, was that states lost around $11 billion annually from these untaxed out-of-state Internet sales (NCSL 2014). In the face of mounting losses in state sales tax revenue, some lawmakers from cash-strapped states had gotten creative about satisfying *Quinn*'s requirement for a substantial nexus to capture Internet sales. In 2008, New York's legislature passed AB 9807, which expanded the state's definition of vendors to include out-of-state retailers that paid sales commissions for website ad referrals by third-party New York residents (ALEC 2009c). In essence, New York was claiming the right to collect sales taxes from online retailers that used so-called "associate" programs to advertise for the retail store on the websites of third-party individuals. Amazon had one of the largest associate programs at the time, with over two million participating affiliates who linked back to Amazon on their personal websites in exchange for commissions when users clicked on Amazon's ads (An Amazon Affiliate Blog 2008). Given that some of those Amazon affiliates lived in New York, the new law would require Amazon to pay sales tax on all purchases made by the state's residents.

Amazon and Overstock.com immediately sued New York, claiming that it had violated the *Quinn* decision. With a deep bench of Internet retailers on its Commerce and Technology task force promoting the issue, ALEC came out strongly against the New York law, filing a friend of the court brief on behalf of Amazon and Overstock's position (ALEC 2009). ALEC also issued publications decrying the measure that it distributed to its members, arguing that "New York's new sales and use tax law is plagued by serious constitutional problems. Most significantly, AB 9807 improperly usurps the power of Congress to regulate interstate commerce" (Cooper 2008). Ultimately, the expanded New York tax law was upheld in the state's highest court, and the Supreme Court declined to hear the case, effectively ending the legal challenge (Supreme Court of the United States Blog 2013).

Recognizing that their tax advantage was at risk as other states could follow New York's lead, Amazon, Overstock, and eBay turned to ALEC once again to squelch additional legislative proposals. The timing of the ruling in favor of New York was not good for Amazon and its allies. The decision came as many states were scrambling to fill budget holes created by the Great Recession, and Internet sales taxes seemed very appealing. By 2010, two other states – Rhode Island and North Carolina – had adopted their own versions of the New York Amazon law, and a dozen others were weighing proposals to do the same (Johnson 2010).

With ALEC's backing, three states – Virginia, Texas, and Iowa – had taken action to protect their in-state businesses from out-of-state sales taxation based on an ALEC model bill developed by the Communications and Technology task force (Cooper 2008). ALEC promoted that measure as a solution for state lawmakers to preempt any further taxation of online sales, and in its Communication and Technology task force online retailers like eBay strategized with state lawmakers and assembled conservative activists to discuss "how to mobilize grass roots opposition to new state sales taxes being imposed on online ad referrals by in-state affiliates" (ALEC 2010b). The following year, Amazon was a headline sponsor of ALEC's annual meeting, which included extensive discussion of the internet sales tax issue as part of the Communications and Technology task force and a special working group on "21st Century Commerce and Taxation" (details from archived ALEC meeting website), including a workshop on "Leveling the Playing Field on Sales Tax Collection: State Efforts to Further Define Physical Nexus" (Stephenson 2011). Sales tax issues continued to dominate the task force's activities throughout the following year, and ALEC has been successful in staving off state action for several years (Stephenson 2012).

The example of the online retail industry further solidifies the logic that ALEC is the place for major businesses to go when faced with a potential policy threat at the state level. As the CEO of Overstock.com explained to the Center for Media and Democracy when asked about their membership in the group, "Our association concerned a state sales tax issue, and we joined to allow better contact with state legislatures on our issue…it's necessary for us to communicate with policy makers involved in deliberations over future legislative actions on the subject" (Griffin 2014). In a similar vein, eBay responded to the same question by saying that they "only work with ALEC on one area and that is to support small businesses and help to protect them from threats including unfair tax legislation and state and local legislative issues" (Smith 2014). Policy risks meant that these firms had no other choice but to work with ALEC. But what happens when companies face cross-pressures between their desire to shape policy through ALEC while minimizing investor and customer anger with the backlash against the group? We now turn to that question in the following section.

Will I Stay or Will I Go?

So far we have explored the factors that explain why a company might join ALEC and SPN, but what factors explain why firms would sever their ties to those groups in the wake of increased scrutiny and backlash in 2011 to 2013? That is the subject of my next analysis, which considers the reasons why some companies left ALEC and SPN in recent times while others have not.

For this analysis, I include all of the firm characteristics from the earlier investigation of membership in ALEC and SPN – but with one addition. I now consider the exposure of businesses to consumer markets. Not all firms sell their goods and services to mass consumers. Consider the difference between Safeway and Johnson Controls. Both are Fortune 500 companies, yet have very different exposures to everyday individual shoppers. Safeway, a chain of supermarkets, depends on sales directly to ordinary Americans through its stores. In contrast, Johnson Controls has much less exposure to individual consumers, since its goods and services are generally bought by other companies (among other activities, Johnson makes interior systems for automobiles to sell to car manufacturers). I expect that facing similar controversy in the media, consumer-oriented firms will be more likely to change their political behavior than non-consumer-oriented firms.[83] This is because the former will be more concerned about public protests and boycotts that could harm their bottom lines.

To gauge whether a firm is engaged in primarily consumer-facing business activities, I coded each industry according to whether that industry was primarily engaged in direct sales to mass consumers, as opposed to sales to other firms.[84] I coded 44% of the Fortune 500 as being primarily consumer facing. Some examples of these consumer-facing industries included airlines (e.g. United Airlines), apparel manufacturers (e.g. Nike), automobile manufacturers (e.g. Ford), beverage manufacturers (e.g. Coca-Cola), commercial banks (e.g. American Express), restaurants (e.g. McDonald's), drug stores (e.g. CVS), and hotels and hospitality firms (e.g. MGM Resorts).

My methodological approach is similar to the previous section; the only difference is that I replace the ordinal measure of ALEC and SPN membership with a binary variable indicating if a firm publicly severed its ties to either ALEC or SPN between 2010 and 2013. In all, about 28 percent of firms with any participation through the 1990s and 2000s left either group.

Table 6.4 shows the substantive results of my analysis. (As before, I only list the explanatory factors that are distinguishable from zero with some certainty; full regression results

[83] As prior work has shown, political consumerism – the practice of consumers selecting products based on their personal political or social considerations – is an important force that shapes corporate decision-making, and a longstanding tradition in American political life (Micheletti et al. 2004; Stolle et al. 2005).

[84] Specifically, I used summaries of firm activities from Fortune and Hoover's.

appear in an appendix.) Most of the factors that predict firm participation do not offer much of an explanation for which firms left the groups, with the exception of four variables: exposure to strong unions in a particular industry, whether or not a firm depended strongly on sales directly to consumers, whether or not a firm faced a regulatory threat from the government, and the extent to which the firm was involved in other political activities.

Table 6.4: Explaining Corporate Departures from ALEC and SPN, 2010-2013

Variable	Change in Probability of Severing Ties to ALEC and SPN
Industry Union Threat (*Maximum to Minimum*)	+ 42 percentage points [31, 54]
Participation in Other Business Associations (*Participation to No Participation*)	+ 36 percentage points [25, 47]
Primarily Consumer-Facing Firm (*Not Facing to Consumer Facing*)	+ 20 percentage points [7, 34]
Regulatory Threat (*Threat to No Threat*)	+ 15 percentage points [0.01, 30]

Notes: Table shows the change in the predicted probability of a firm leaving either ALEC and SPN, or both, holding all other variables constant, based on the results of an logistic regression. 95% confidence interval in brackets below estimate.

Consistent with my hypothesis that consumer-facing firms would be most vulnerable to negative publicity and attention, companies that relied heavily on sales to consumers were 20 percentage points more likely to leave ALEC and SPN than were firms that relied on products and services intended for sale to other businesses. The results in Table 6.4 also show that firms operating in sectors with relatively higher levels of unionization were much less likely to leave ALEC and SPN. The threat of greater unionization, then, appears to motivate membership even in the face of considerable public scrutiny and pressure. Similarly consistent with the threat-based logic of corporate participation in corporate-conservative alliances, firms that were exposed to a greater threat of regulation were also less likely to leave both groups in recent years: companies in highly regulated industries were about 15 percentage points less likely to leave than businesses in less regulated sectors.

Turning to the results for political engagement, we see that firms that were also members of NAM or the Chamber were much less likely to leave ALEC and SPN compared to firms without such political engagement: companies that were leaders of neither group had a 38 percent chance of leaving, while businesses that were actively involved in both had a two percent chance of renouncing their ties. Interestingly, greater levels of political giving did not make firms any more or less likely to sever their ties to ALEC and SPN. This suggests that past firm experience to business association participation may help firms to manage the backlash to ALEC and SPN better than past firm political giving.

In sum, examining data on the companies that left ALEC and SPN is just as revealing as the data on which businesses joined in the first place. We see that threats from the labor movement and from the government (especially in the form of increased regulation) made companies especially likely to retain their memberships even in the face of considerable scrutiny and backlash. So too did an affiliation with other national business associations with conservative ideological leanings. Finally, one of the best predictors of whether a firm left or not was its vulnerability to changes in consumer sales. This finding underscores the power of consumer action in the United States to affect changes in corporate behavior, and in so doing, highlights the vulnerability of ALEC and SPN to public backlash.

Indeed, this is a weakness that ALEC's leaders have, at times, acknowledged themselves. During a 2013 board meeting, leaders were tasked with brainstorming recruitment strategies for new corporate members. One proposal involved the hospitality and tourism industry, focusing on the risk of hotel taxes, wage and labor laws, and cruise line regulation. But a potential "con" that was voiced by some of the board members was that "individual companies that join will be very susceptible to dropping ALEC if there is public pressure."[85] A similar concern was raised about targeting the consumer-oriented financial services sector, whose members "failed to renew at ALEC due to controversy."[86] Figure 6.1 shows an excerpt from ALEC's 2013 board meeting notes outlining the pros and cons of recruiting firms from the hospitality and tourism sectors. To the extent that public scrutiny persists, ALEC and SPN will continue to face challenges in recruiting corporate support from these sectors.

Figure 6.1: The Conservative-Corporate Coalition is Highly Sensitive to Public Backlash to Firms

Hospitality & Tourism

Issue Areas:

- Hotel taxes and wage & labor laws
- Cruise line laws and regulations
- State and local tourism promotion
- Passenger rail and Bus issues

Groups that work on: ALEC had a Trade & Tourism Task Force from 1999-2004.

Pros: The travel and tourism industry in the United States generated nearly $1.4 trillion in economic output in 2011. This activity supported 7.5 million U.S. jobs, and accounted for 7 percent of all U.S. exports. One out of every 18 Americans works, either directly or indirectly, in a travel or tourism-related industry. In 2010, revenues from U.S. travel and tourism represented 2.6 percent of gross domestic product.

Cons: Individual companies that join will be very susceptible to dropping ALEC if there is public pressure. Also many of these groups have little or no history with ALEC.

Ways to Startup: Either startup as a separate initiative or task force. It could be added to International Relations Task Force. The Commerce Task Force currently has too many separate initiatives to add a new one.

Potential Members:

Expedia

Source: The Guardian (2013).

[85] Leaked Guardian documents.

[86] Leaked Guardian documents.

The analysis of firm departures from ALEC and SPN emphasizes just how much these groups rely on their corporate members for support. But businesses also rely heavily on the groups, too, and not just to achieve their narrow political ends. The next section explores how membership in corporate-conservative groups, and ALEC in particular, shapes how firms perceive their economic and political interests.

Corporate-Conservative Alliances as a Source of Firm Preferences and Behavior

Groups representing business are one of the most important components of the interest group community. One census of organized interest groups in Washington estimated that a staggering 72 percent of spending on national lobbying came from groups operating on behalf of corporate interests (Schlozman et al. 2012, chapter 4). Yet for all the importance of such groups, we only have a thin conception of their effect on the American political economy. This is because the vast majority of research on business associations has focused on one side of those groups – how they influence politics – while neglecting how business groups interact with, and shape the behavior of, their members. As Philippe Schmitter and Wolfgang Streeck have argued, business associations are "*Janus*-like…in their role as intermediaries…between firms on the one hand and state agencies…on the other" (Schmitter and Streeck 1999 [1981]). In this section, I use ALEC as an opportunity to examine this second face of business associations. I find strong evidence that participation in ALEC does in fact change the preference and behavior of corporate members, pushing firms in a more conservative direction both in their policy stands and in their management practices.

When Can Business Groups Shape Firm Behavior?

Two strands of research in economic sociology and comparative political economy offer important foundations for understanding how associations might shape the perspectives of their members. While distinct, a common theme in both literatures is the notion that firms and their managers have malleable identities and preferences that cannot simply be read off their positions in the economy (see especially DiMaggio and Powell 1991; Mizruchi 1989, 1992, 2013; Mizruchi and Keonig 1991; Spillman 2012). This in turn implies that business organizations can shape corporate practices by fostering shared norms about acceptable behavior, disseminating information and best practices that encourage certain actions and not others, fostering learning between different members, and levying social sanctions against behavior that violates group norms. Firms "are social animals and, as such, develop their … interests in packs; consequently, their business organizations are deeply determinative of how they think about the world" (Martin and Swank 2012, 1-2).

Consistent with this perspective, economic sociologists have found that firms that share more social connections are more likely to hold similar political positions and to engage in more similar political activities. Mark Mizruchi, for instance, has shown in a variety of research that social networks of board members – when executives either sit on the same, or connected, boards – influence patterns of corporate political giving and policy position-taking. More directly relevant to the analysis at hand, other research has shown that common membership in business associations, especially the Business Roundtable, shapes firm political donations as well (Mizruchi and Keonig 1991; Burris 1992). In the context of trade policy, Michael Dreiling has found similar effects of associational membership: Business Roundtable membership and participation in other trade-promoting policy groups was strongly correlated with firms' political participation in trade policy debates (Dreiling and Darves 2011; Dreiling 2000). Writing as a political scientist, Cathie Jo Martin's work examining firm stances towards the Clinton health reform effort drew on this literature in economic sociology to explain why membership in health-focused trade associations made firms more likely to support an employer requirement to provide health insurance to workers (Martin 2000).

There are, however, two important theoretical and empirical limitations to this research. Perhaps most importantly, this work does not offer a clear explanation for why membership in some associations – but not others – shapes firm political behavior and preferences, nor why membership in certain associations fosters more liberal or conservative stances. Martin, for instance, argued that an important characteristic of trade associations was whether they brought corporate executives in close contact with health policy experts and public officials. When firms had access to this sort of exchange, as opposed to relying on outside consultants or other firms, they became more supportive of government intervention into the health care market. Yet many national associations bring firms into contact with policy analysis and political leaders – does all such contact lead firms to adopt more liberal positions? If not, what explains the variation across business groups in the degree to which they lead firms to stake out policy stances, and whether those stances are predominantly liberal or conservative?

A second concern relates to these studies' methodologies. They tend to rely on an analysis of firm political behavior or policy stances at a single point in time for a limited subset of firms (typically between 50 to 100 firms). Not only does this approach have the disadvantage of limiting the sample size for quantitative analysis, but it makes it impossible to know if there are other factors – like firm culture or executive ideologies – that explain both the decision of a company to join an association and to hold a particular policy stance or to engage in a political activity. A much sounder strategy would track a large group of firms over time, examining whether changes in association participation correlate with changes in political behavior. Such an empirical strategy could also leverage variation within, rather than across, firms and top executives, which would hold constant any fixed characteristics of companies and their leaders, like culture or ideology, which could be confounding the analysis.

A recent study by Todd Schifeling (2013) makes important steps in addressing both of these issues. Examining how firms managed recessions between 1950 and 1970 with a time series panel of firms, Schifeling hypothesized that firm participation in corporate policy networks shaped managers' responses to economic downturns. Consistent with that hypothesis, Schifeling finds that corporate participants in the highly conservative National Association of Manufacturers responded to downturns by laying off workers, while members of the more progressive and Keynesian Committee for Economic Development actually hired additional workers during those periods of higher unemployment – behavior consistent with each group's ideology. Schifeling's paper provides an indication that the partisanship and ideology promoted by a business association can result in differential effects on the firms participating in those groups, and it does so using a credible empirical methodology. But it still does not do much to help us understand the scope conditions for the ability of associations to change the behavior of their members. For that, we must turn to research by political economists, who offer another perspective on how associations structure firm behavior.

Much of the comparative political economy work on business associations draws from the study of corporatism, or the political and economic incorporation of the social partners – labor and employers – into the governing process. Scholars of corporatism emphasize that countries with large, encompassing organizations representing labor and capital have been able to achieve better economic and social performance than pluralist countries without such groups. Large peak associations, scholars argued, were better able to internalize the long-run costs of their policy demands, and to engage in productive, growth and equality-enhancing negotiations

(Crouch 1993). Corporatism was also thought to foster important cognitive effects among peak association members: by engaging in repeated, long-term bargaining with social partners and government, the social partners (and especially business) would become more trusting of labor and of the state, and more willing to make social investments in workers (Martin and Swank 2012; Katzenstein 1985).

Two features of these peak employers associations in corporatist countries are essential to their ability to shape the preferences and behavior of their members (Schmitter and Streeck 1999 [1981]). Importantly, membership in these groups is either implicitly or explicitly compulsory for employers. Compulsory membership, in turn, gives the leaders of associations much more power relative to their rank-and-file members, permitting associational leaders wide latitude to set the direction of a group, as well as to dictate the behavior of individual members. Firms cannot easily leave an association if they disagree with a particular ideology or policy stand that the group takes. Such peak associations also bring firms in repeated contact with government officials and policy experts, offering businesses the opportunity to substantively engage in the policymaking process as legitimate and often legally recognized social partners. Firms thus have access to detailed policy research and to the policymaking process, but also have a stronger obligation to offer productive solutions and compromises to legislative debates, rather than simply adopting a ideological opposition to any government action.

Compared with their counterparts in more coordinated Scandinavia, American business groups score low on both of these dimensions (Wilson 1986; Wilson 1995; Martin and Swank 2012). Firms are not required to belong to any association, and no group can legitimately claim to speak for all of the business community. In fact, associations often compete fiercely with one another for members, making it very difficult for association leaders to take any stand that might alienate member companies (Martin 1999; see also chapter 1). Nor does the American government formally recognize any particular business association as a social partner, implying that business groups typically do not come into close and repeated contact with public officials and legislators outside of the normal interest group lobbying process.

In short, the highly pluralist United States will never be confused with corporatist Europe. But *within* the United States, there is still considerable variation across business groups along these two dimensions. While membership in all American groups is ultimately voluntary, some groups offer benefits to their members that make it much harder for firms to refuse membership or to leave the group. In addition, some groups are much more embedded in the policymaking process than others, providing an opportunity for firms to gain access to information and analysis that could shape their policy preferences and behavior. I hypothesize that associations that score more highly along these dimensions will be more likely to shape the behavior of their members. The *direction* of these effects, however, will depend on the groups' ideological orientations, as argued by Schifeling (2013), with right-leaning groups much more likely to foster conservative policy stances and perceptions of economic interests among their members, and more moderate groups fostering the opposite.[87]

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[87] Apart from the corporatism literature, there is a strong parallel between my argument about the conditions under which associations shape the behavior of their members, and research on individual-level political participation. Such work, for instance, has shown that individuals who join highly effective unions (which in effect are offering appealing selective benefits to their members) are more likely to change their political preferences to match those of the union (Ahlquist et al. 2014; Ahlquist and Levi 2013). More generally, scholars have shown the importance of groups in facilitating the political engagement of individuals, especially when those individuals stand to receive valuable benefits (e.g. Leighley 1996).

Three Associations, Three Predictions: The Business Roundtable, ALEC, and the U.S. Chamber

To test my argument about the conditions under which business associations are more or less likely to shape the behavior of their members, I examine three different business groups: the Business Roundtable, ALEC, and the U.S. Chamber of Commerce. While all are large national associations, they vary across the dimensions implied in my argument. Both ALEC and the Business Roundtable provide very appealing benefits to their members that firms would be hard-pressed to find elsewhere. In contrast, the Chamber has historically struggled to meet the needs of all of its members, and the commitment of any given firm to the Chamber appears to be relatively low. In addition, both ALEC and the Business Roundtable offer firms considerable access to policymakers and policy experts, while the Chamber is less embedded in the policymaking process (though see Hacker and Pierson 2016, chapter 7 for the increasing linkages between the Chamber and the GOP).

By design, the Chamber represents firms of diverse sizes and sectors, and has historically granted even small factions within the group considerable power to veto Chamber actions (see especially Smith 2000). As a result, the Chamber has typically needed near-unanimity to adopt proactive policy positions. This has two important implications for Chamber members: first, the Chamber is very unlikely to wade into specific policy debates, and when it does, it is more likely to adopt ideological positions (especially after the arrival of a new president in 1997; Hacker and Pieron 2016, chapter 7). The Chamber is thus poorly positioned to help firms develop specific policy positions, or to lobby government on behalf of those firms. Accordingly, firms are much more likely to turn to their trade or sectoral associations for help navigating the policymaking process or obtaining specific policy information or analysis than to rely on the Chamber. Describing the dynamics of groups like the Chamber, one trade organization leader reported that when choosing public policy stances, "sometimes the position is self-evident; sometimes it gets really, really, really complicated because you have members that are in different places on the issues. Sometimes you can't reach consensus, sometimes you reach a consensus that isn't worth anything…[groups like the Chamber are] not in a situation where if 51% of the membership say yes…though that's a tilt, you don't do anything."[88]

Moreover, when companies' interests do not align with the Chamber's priorities, they can simply leave the group, an option that firms exercise not infrequently. For instance, a number of large and prominent firms abandoned the Chamber after the group's leaders made several public statements denying the relevance of global climate change (Israel 2014; Pearlstein 2009). Explained the same group executive: "[Associations like the Chamber] are voluntary organizations…They are creatures of their membership. Therefore they exist to serve the interests of the membership as the membership decides. It's kind of self-correcting in that regard. [Groups like the Chamber] can't order [their] members to do anything."[89] For these reasons, I do not expect that membership in the Chamber will have much influence on firms' policy stances or behavior.

The Roundtable, in contrast, provides a forum for the CEOs of the country's largest and most prominent companies to discuss wide-ranging policy issues with each other, policy experts, and federal lawmakers (Burris 1992; Akard 1992; Waterhouse 2013). No other national group mobilizes CEOs in such a manner across sectors, and joining the group offers considerable prestige to CEOs and their respective companies. In return, the members of the Roundtable must

[88] Interview with trade association executive: 6/10/14.

[89] Interview with trade association executive: 6/10/14.

commit considerable resources to the group, most importantly through their CEO's time, often the most valuable resource (in terms of per-hour dollar amounts) possessed by businesses. Indeed, a former Roundtable executive estimated that a heavily involved CEO might spend as much as 10% of their time per year working on Roundtable policy issues.[90]

Most Roundtable CEOs apparently do not have much political experience before joining the group. According to the Roundtable executive I interviewed, the "normal progression" is for CEOs to come from the ranks of operating officers, so they arrive in their new position with a deep management background but often not much in the way of training in politics or policymaking. The Roundtable thus serves as a forum for these new corporate leaders to learn about the policymaking process, and to offer opportunities to gradually assume more prominent public roles. The trajectory of Ivan Seidenberg, the former CEO of Verizon and chairman of the Roundtable, offers an instructive example. Seidenberg was "an operating guy" who helped create Verizon out of the old Bell companies. When he first joined the Roundtable, he "took on the issues that were directly related to the sustainability of his company," but over time his interests in policy broadened, and eventually he became the chairman of the Roundtable from 2009 to 2011. As a result of his public leadership activities, President Obama appointed Seidenberg to the President's Export Council in 2010.

In light of this evidence, I expect that membership in the Roundtable will be more likely to foster political engagement, though in a more moderate direction. Compared to other business groups, especially the Chamber and ALEC, the Roundtable has typically maintained a more pragmatic approach to politics that eschews a staunch ideology (Mizruchi 2013).

[90] Interview with former Roundtable executive: 7/20/14.

Like the Roundtable, ALEC substantively engages its corporate members in the policymaking process, providing a service for which there are few competitors – no other groups can offer firms the opportunity to disseminate legislation across the states as broadly as ALEC, nor can groups promise firms close interactions with such a large number of lawmakers and policy experts from across the country. We can observe the value of ALEC to its members by the sizeable investment firms make each year through regular participation in workshops, conference calls, and annual meetings. According to ALEC documents, policy-specific task force participants meet in person in at least three half-day summits each year, and those convenings are also supplemented by regular conference calls (Stephenson 2011).

At those meetings, corporate representatives delve into detailed discussions of policy and model legislation, exposing firms to a rich source of information and analysis. At one meeting in 2011 of the Commerce, Insurance, and Economic Development task force, for instance, corporate representatives debated model legislation on a variety of issues, including public transportation financing and privatization, and heard policy analysis from fellow corporate leaders (such as from Associated Builders & Contractors and Con-way Trucking), as well as from conservative think tanks, such as the Reason Foundation (O'Brien 2011). Given ALEC's valuable benefits to its members, as well as its close engagement with lawmakers and policy experts, I expect that participating firms will be much more likely to engage in the policymaking process after becoming involved in the group. At the same time – and unlike the Roundtable – I expect that ALEC membership will encourage firms to adopt more a more conservative perspective on their economic interests and policy preferences, given repeated contact between firm executives and ALEC's right-learning legislators, policy analysts, and advocates.

I test these hypotheses in two analyses. The first examines how associational membership changes the probability that a firm will take clear policy stances on issues of environmental or economic regulation, and the partisan orientation of those stances. In the second analysis, I look at how ALEC membership shapes not just corporate political engagement, but management practices, including firms' environmental standards, labor relations, and quality of corporate governance.

Measuring Corporate Policy Stands

As we have already seen, past efforts examining corporate policy preferences have been limited by small samples, typically without over time variation. Such studies introduce a number of concerns. The sample of firms selected by the author may not be representative of patterns in the broader economy, limiting the generalizability of any empirical findings. Additionally, analysis of only one policy issue may not reflect the overall orientation of a firm: while a firm might be supportive of government intervention in one specific piece of legislation, it might be quite conservative in its other policy stances. Finally, analysis of a single years worth of firm preferences means that authors cannot adequately control for underlying corporate characteristics that might shape both policy preferences and various control variables (like business culture or political ideology), nor does it permit the authors to include factors that vary over time, but not across businesses. To deal with these issues, I construct a longitudinal panel of 746 of the largest, publicly-held American businesses over five years, taking into account corporate stances over a wide range of economic policy issues.

I measure corporate policy positions by drawing on data produced by MSCI, an independent private sector consultancy. Each year, MSCI produces ratings of large, publicly-held American firms across a range of social and economic indicators. These ratings are widely used in both academia and the private sector, helping investors select companies with specific levels of economic, political, or social performance (Harrison and Freeman 1999; Turban and Greening 1997; Griffin and Mahon 1997; Bird et al. 2007). Several of the MSCI ratings, available from 2007 to 2011, are relevant to firm policy preferences: one codes whether in a given year a firm adopted clear policy positions in support of environmental, labor, or other economic regulations (an ideologically liberal position), and another codes whether a firm adopted clear policy positions against environmental, labor, or other economic regulations (a ideologically conservative position). MSCI produces these ratings based on a close inspection of the media record, public documents, and corporate reports, among other sources. The ratings are intended to guide investors who want to invest in companies that have adopted clear policy positions for or against significant economic regulation. I use these two ratings to produce my outcomes.

The first outcome I examine is a binary variable – *Any Regulatory Policy Stance* – that measures whether in a given year a firm adopted any clear policy positions, either conservative or liberal, on economic regulations. The second outcome is a binary variable – *Policy Conservatism* – that captures whether a firm adopted a clearly conservative position against economic or environmental regulation in a particular year. The final outcome is a binary variable – *Policy Liberalism* – that measures if a firm adopted a clearly liberal position in favor of economic or environmental regulation in a particular year.

In 2011, MSCI coded firms such as Abbott Laboratories, PPG Industries, and UPS as holding anti-regulatory stances, while it coded firms such as Dell, Johnson Controls, and Masco Corporation as holding pro-regulatory stances. The most consistently anti-regulatory firms included Archer Daniel Midland and Caterpillar, while the most pro-regulatory companies included Starbucks and Nike. Those ratings are consistent with the broad historical record;

Caterpillar, for instance, has sparred with the Department of Labor over workplace regulations (OSHA 2011), while Nike has been supportive of stronger worker standards in recent years, both within the United States and abroad, after attracting considerable negative publicity for the use of sweatshops and child labor (Nisen 2013). There are several important insights we can gather from summary statistics of firm policy stances. First is the very low rate of firm policy position taking among large, publicly held companies. Out of the 746 firms that I examine, only seven percent expressed clear partisan positions on either economic or environmental regulatory issues. This is consistent, however, with past research that shows that lobbying is often dominated by a small subset of the largest companies (Drutman 2015). These position-taking firms came disproportionately from industries related to retail trade, mining and other forms of resource extraction, and services.

Among those firms that did adopt a clear policy position towards regulatory policies, only very few (27%) adopted liberal positions; the majority (80%) adopted conservative positions against regulation. In short, and perhaps unsurprisingly, politically active large companies tend to hold conservative positions towards regulation. Still, not all firms adopted conservative stances. In particular, companies involved in the manufacturing sector were more likely to espouse liberal economic positions. Firms in extractive industries, on the other hand, were the most likely to take conservative stands.

How much do companies change their stances over the period I examine from 2007 to 2011? Of those firms that adopted a clear policy stance during this period, 63 percent moved from having no stance to having a stance, and 15 percent moved from having a stance to no stance. The vast majority of firms with any stance during the period I examine – 78 percent – thus changed that position at least once between 2007 and 2011. These summary statistics underscore the importance of considering not only the policy positions that firms adopt in any given year, but how those positions change over time.

Despite offering the first effort to systematically gather the policy positions of a large cross-section of corporations over time, there are several important limitations of my dataset of firm preferences. One major concern is that MSCI is coding companies based largely on their public stands on policy issues, rather than providing an indication of what the company's true preferences for public policies might be. This is important because, as others have argued persuasively, businesses adjust their public preferences in response to changing political contexts (Hacker and Pierson 2002; Broockman 2012; see also chapter 2). Therefore this analysis cannot answer the question of what forces shape private, non-strategic business preferences. But public firm preferences, even if they are influenced by strategic considerations, are still a useful subject for research. For instance, if a major oil company were to publicly support climate change legislation, it would provide a strong signal to policymakers, political leaders, and the public about the political likelihood of enacting that legislation. In short, public firm stances – even if they reflect, in part, a strategic calculus by firm leaders – are important outcomes in their own right.

A closely related issue is that the MSCI sample only consists of publicly-traded companies, not privately-held firms. That is worrisome given that some of ALEC's most prominent longtime members, like Koch Industries, are privately held. Many of these privately held companies in fact use their lower-profile status to invest in politics aggressively in "covert" ways (Mayer 2016). Thus, my results hold only for the publicly-traded members of these business associations. Still, there is good reason to be interested in this population of companies. Publicly-traded companies still account for a number of American businesses, even if their ranks are shrinking in recent years (Doidge et al. 2015). Perhaps more importantly, we might think that publicly-traded companies would offer a harder test of my argument that associations can in fact shape corporate behavior, since publicly-held firms have a broader set of constituencies to please. We might well think that publicly-traded companies simply have less room to have their preferences changed by participation in business association because taking controversial political stands might alienate investors, especially political or ethical investors that take firms' social and political activities into account.

Another issue is that the MSCI coding does not distinguish between firm stands on specific issues; it only provides a rating of the firm's overall policy activism. Nor does MSCI code the extent to which firms engaged in political activism to support their particular position (such as whether firms hired lobbyists or launched publicity campaigns). This limits my study to examining whether or not firms express a clear policy position towards regulatory issues, and the ideological direction of that position. A final concern is that the methodology that MSCI used would change from year to year as its coders or methodology change. I try to address this issue, however, by including year fixed effects in my regression results, which ought to account for any year-specific factors that affect all companies equally. In sum, despite the fact that the MSCI ratings are limited in a number of ways, they have several important advantages over existing work examining firm policy preferences, providing consistent information on firm policy activism for hundreds of American companies over the span of several years.

The main explanatory variables in this analysis are three binary variables indicating if a firm was involved in the Business Roundtable, the Chamber of Commerce, or ALEC in a given year. Specifically, I code whether a firm was on the board of directors of these groups. I focus on board of director participation, rather than general membership, for two reasons. Most practically, I lack consistent data on general membership for these groups, as I mentioned above in my analysis of which firms join ALEC. Second, I expect the associational effects will be strongest for those firms that are most involved in the organization, based on prior empirical work on business and trade organizations (Spillman 2012; Schifeling 2013). If I fail to identify an effect of organizational participation on the corporate practices of board members, it seems unlikely that such an effect could be identified among general group members. Data on ALEC participation comes from various leaked publications and records since full membership lists are not available to the public. For Chamber and Roundtable participation, I relied on archived versions of the groups' websites, as well as BoardEx records. One percent of firms had ever participated on ALEC's board from 2007 to 2011, two percent had ever participated on the Roundtable's board, and three percent had ever participated on the Chamber's board.

Aside from the three variables capturing associational participation, I also include a range of other independent variables that could explain both firms' decisions to participate on the boards of these three groups, as well as the decision of firms to adopt clear policy stances on regulatory issues. These variables are limited to those factors that vary over time within firms and corporate executives, as I employ year, firm, and CEO fixed effects. These fixed effects capture time-invariant factors – like culture or ideology – that might confound my analysis, as well as year-specific factors (like partisan control of government) that might also explain variation in association membership and corporate policy activism. I focus on six time-varying confounders.

I include *firm size*, as measured by logged revenue. As indicated by the previous analysis in this chapter, larger firms are much more likely to join ALEC compared to smaller firms. Firm size may also change the probability that a firm will take a policy stand, too. Larger firms may be better positioned to weather regulations than smaller firms. Because firm size may have non-linear effects, I include a squared term of logged revenue. Firm revenue data comes from Compustat.

In a similar vein, a firm's *financial health* may be a basic, though crucial, determinant of its willingness to embrace policy activism. Past work has hypothesized that firms use political engagement to procure benefits from the government that will help restore profits during periods of poor financial performance (Grier et al. 1994). We thus ought to expect that less profitable firms will be more likely to adopt any sort of policy position. Less profitable firms, on the other hand, ought to be in a in a weaker position to shoulder the costs of economic regulation, and therefore we ought to expect that profitability would be negatively related to the adoption of liberal stances. This is consistent with past work that has emphasized the importance of economic slack in fostering corporate liberalism (Mizruchi 2013); firms facing fewer immediate financial constraints were in a much better position to support more liberal policy positions on economic regulation. I operationalize profitability with profits as a share of revenue, using data from Compustat.

The presence of *unions* may make firms both more likely to join ALEC (as we saw in the previous analysis) and to adopt more conservative stances on labor regulation. I measure labor union threats through sectoral union density, using data from the website maintained by Barry Hirsch and his collaborators. As in the previous analysis, I also control for the competitive pressures faced by firms. *Industrial competition* ought to matter for firms' decisions to engage in politics, though in a non-linear fashion: following the logic of collective action, political mobilization ought to be easier in more concentrated industries with fewer firms, but at very high levels of concentration monopolistic firms may not need to engage in politics to maximize their profits (Grier et al. 1994). More concentrated industries, to a point, might also be able to better shoulder the costs of regulation, encouraging firms in those sectors to support more liberal stances towards government intervention in the economy. To measure firm exposure to market competition, I compute the Herfindahl-Hirschman index based on firm sales in each industry group as defined by Standard & Poors. Higher values indicate less competition. I also include a squared term for this variable. Data for this measure is from Compustat.

Firms' investment in *research and development* should matter, too, but there is no consensus on the direction of that effect. According to Davis Taylor (1997), greater innovation is a substitute for political engagement and lobbying; in contrast, James Alt and his coauthors (1999) argue that greater innovation is an indication of a firm's asset specificity, and thus should lead firms to participate more actively in politics to obtain protection for their investments. I measure these investments with firm spending on R&D as a share of revenue, using Compustat data.

Lastly, I consider the degree to which firms are exposed to *financialization*. A number of scholars have speculated that growing firm exposure to financialization, especially for those firms operating outside of the financial sector, will reshape firms' perceptions of their self-interest and ideology, which could have attendant consequences for corporate policy preferences. As Jerry Davis has argued, American firms have entered into a new era of shareholder capitalism, in which companies have been reduced from "social institutions owned by dispersed widows and orphans" to a "mere contractual nexus, driven by signals on financial markets" (Davis 2009, 63; see also Goldstein 2012; Fligstein and Shin 2003). The diffusion of a financial ideology focused on maximizing shareholder value has made it increasingly difficult for companies to sustain the forms of "welfare capitalism" that they had constructed throughout the post-war era, including offers of job security, generous health and pension benefits, and investments in local communities (see also Hacker 2002). These costs came to be seen by executives as unnecessary distractions from their new mission to maximize cash flow over time. This line of reasoning would suggest that more financialized firms, with a greater exposure to pressures to maximize shareholder value, would be more sensitive to the costs of regulation, and thus would be more likely to espouse more conservative policy positions towards regulatory issues. I measure a firm's exposure to financialization as the ratio of financial receipts to business receipts for approximately 50 industrial categories using data from the Internal Revenue Service, following past empirical work (Lin and Tomaskovic-Devey 2013). Financial receipts include income from dividends, interest, and capital gains, while business receipts include income from the sale of goods and services that the firm produces. Higher values indicate that a firm is in an industry that obtains more of its income from financial activities.

Table 6.5 shows the results of my main analysis of firm stances, indicating the effects of ALEC, U.S. Chamber, and Business Roundtable board participation.[91] Only ALEC participation affected *both* the probability that firms would express any regulatory policy stand *and* the direction of that stand. Firms that participated on ALEC's board were about 15 percentage points more likely to subsequently adopt a stand on regulatory issues, and then were about 12 percentage points more likely to adopt an anti-regulatory stand. ALEC board participation did not affect the probability that a firm would adopt stands supportive of regulation.

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[91] I use OLS. Although my outcomes are binary variables, I prefer using a linear model so as to include fixed effects, which are problematic in the context of non-linear models (like a logit) when there are many fixed effects, as there are with each firm-CEO pair. I cluster my standard errors by executive-firm pairs.

Participation in the Business Roundtable had difference consequences for corporate political behavior. Companies that joined the Business Roundtable board of directors were about 23 percentage points more likely to express any policy stands on regulatory issues, but Business Roundtable participation did not appear to affect the ideological direction of those stands. Roundtable participation was not associated with a greater propensity to adopt either conservative, anti-regulatory stands, or supportive, liberal stands. Lastly, leadership in the U.S. Chamber of Commerce did not have effects one way or another – firms that joined the Chamber's board of directors were no more or less likely to express clear policy stands one way or another towards regulatory issues.

Table 6.5: Business Association Participation and Firm Policy Stands, 2007-2011

Business Association Participation	Change in Probability of Having Any Regulatory Policy Stand	Change in Probability of Having Anti-Regulatory Stand	Change in Probability of Having Supportive Regulatory Stand
ALEC Board Membership	+ 15 percentage points [7, 24]	+ 12 percentage points [4, 21]	No discernible effect
U.S. Chamber of Commerce Board Membership	No discernible effect	No discernible effect	No discernible effect
Business Roundtable Board Membership	+ 23 percentage points [-3,50]	No discernible effect	No discernible effect

Notes: Table shows the change in the predicted probability of a firm having an MSCI rating indicating a policy stand (first column), having an anti-regulatory stand (second column), or having a supportive regulatory stand (third column). Only effects that are statistically significant at $p<0.10$ are shown. Brackets indicate 95% confidence intervals for estimates. Control variables included but not shown.

These results generally confirm the intuition I offered earlier about how each association ought to affect firm policy stands. ALEC, the association that had the strongest intense ideological alignment and entailed high levels of participation, exerted the strongest effect on observed firm political behavior: these companies were more likely to speak out on policy issues in conservative ways. I anticipated that the Business Roundtable would also help firms to find their political voice given the political education it offers to firm CEOs, but the ideological direction of those effects was unclear given that the Roundtable has been more centrist. My analysis provides empirical support for this proposition, showing that the Roundtable encouraged political participation in both ideological directions. Lastly, the weakest of the three associations (at least in terms of its influence over members) – the U.S. Chamber – exhibited no effects on corporate policy stands, consistent with the fact that firms have such minimal attachment to the organization.

Beyond Firm Policy Stands: Associational Effects on Corporate Behavior

We have now seen that participation in business political associations can shape the ways that firms behave in politics. But do these associations – especially ALEC – have other effects on firm practices? Certainly the arguments put forward by economic sociologists and comparative political economists suggest that we should observe effects of associations not just on firms' thinking about policy, but also on the ways that managers operate their businesses. Recall that Cathie Jo Martin and Duane Swank found, for instance, that participation in business associations did not only shape companies' preferences for participating in politics, but also their willingness to change their business practices, like their use of training programs for workers (Martin and Swank 2004). Todd Schifeling, for his part, found that the political orientation of associations affected the ways that employers made employment decisions during recessions (Schifeling 2013).

In a similar vein, I expect that companies that participate in ALEC will shift their behavior towards an increasingly anti-regulatory and self-interested direction by enmeshing corporate representatives in repeated discussions that promote a strongly conservative, pro-market ideological perspective, which has in turn been shown to produce less socially responsible corporate behavior (Chin et al. 2013).

Considered together, these repeated interactions may explain why firms that join ALEC for one issue migrate to other policy issues after participating in the group for long periods of time. Reynolds America, a major tobacco company and a longtime ALEC participant, provides an example of such behavior. Although the tobacco industry initially partnered with ALEC to prevent public health regulation and taxation of tobacco products (and was thus a participant in ALEC's task forces on tax and health policy), Reynolds has since branched out to other issue areas that seem much less related to those original issues. Reynolds was recently a member of ALEC's task force on public safety and elections, which drafted model bills related to gun regulations and voter ID laws.

In short, ALEC's heavy focus on the bottom line interests of its member firms, including its prioritization of conflictual labor relations, reducing environmental standards, and cutting workplace benefits, ought to focus managers' attention on the narrow economic interests of their companies, rather than on broader social goals, and push against the development of more socially responsible norms. Just as importantly, the group's lack of transparency about its membership and its activities ought to lessen public accountability and reduce pressure to pursue more socially responsible behavior (Campbell 2007, 958).

To measure firms' broader managerial practices, I return to the corporate social performance scores developed by the private sector consultancy MSCI that I used in the earlier analysis. Aside from evaluating corporate policy stands, the dataset also provides ratings for large publicly traded firms on social, labor relations, environmental, and corporate governance related issues. Independent raters score companies on a variety of binary indicators in each of these domains, counting separately "strengths" and "concerns" for each firm every year. The data for these decisions comes from public firm documents, private communications with firms, court records, government agencies, non-profits, the media, and MSCI research partners, as before.

In the environmental domain, for instance, MSCI coders examined several potential areas of concern: regulatory compliance, toxic spills and releases, climate change impacts, the environmental effects of products and services, biodiversity and land use, operational waste, supply chain management, and water management. In this domain, then, a firm could have a total score ranging from zero (no environmental concerns) to nine (eight areas of environmental concern and an "other" category).

These strength/concern scores are widely used in the business and academic communities (e.g. Harrison and Freeman 1999; Turban and Greening 1997; Griffin and Mahon 1997; Bird et al. 2007), and researchers have found that the indices are generally good summaries of past performance on social indicators (especially the concerns, rather than the strengths, see Chatterji et al. 2009 for an assessment of environmental scores, see also Sharfman 1996).

I focus on the effect of ALEC membership on an additive index of five of the MSCI social responsibility concern categories: environmental concerns, product and consumer concerns, employee relations concerns, community concerns, and corporate governance concerns. I briefly summarize what each of the categories refers to below, along with three of the firms that have some of the worst overall scores in each category over the 1992-2012 period:

The environment: Hazardous waste, regulatory problems, ozone depleting chemicals, emissions, agricultural chemicals, or climate change controversies. Firms with the most environmental concerns include DuPont, Exxon Mobil, and Dow Chemicals.

Product and consumer relations: Product safety issues, marketing or contracting concerns, and antitrust issues. Firms with the most product and consumer relations concerns include Wal-Mart, Abbott Laboratories, and Reynolds America.

Employee relations: Poor union relations, health and safety issues, significant workforce reductions, or underfunded retirement benefits. Firms with the most employee relations concerns include Wal-Mart, Verizon, and AXA Group.

Community relations: Environmental contamination, plant closings, controversies with indigenous peoples, tax disputes, or controversies related to the Community Reinvestment Act. Firms with the most community relations concerns include Exxon Mobil, Chevron, and American Electric Power.

Corporate governance: Poor corporate social responsibility reporting, controversies related to a firm's executive compensation and governance practices, and business ethics controversies. Firms with the most corporate governance concerns include Electronic Data Systems, JPMorgan Chase, and General Motors.

As before, I account for a range of firm characteristics that might provide alternative explanations for why firms would both join ALEC and also engage in worse social performance. I use the same set of firm characteristics: *firm size*, *financial health, unionization, industrial competition, research and development spending, and financialization*. I also employ a similar empirical set-up for my regression, using firm-CEO fixed effects so that I am only analyzing variation *within* firms and executives over time, and applying year fixed effects to capture any year-to-year changes that could have affected all firms equally (this should account for any changes in coding by MSCI as well).

Table 6.6 shows the effect of ALEC board membership on the social ratings of firms performed by MSCI, and indicates that companies that serve on ALEC's board have worse social ratings *after joining ALEC's board*. On average, businesses serving on ALEC's board have over two additional social concerns compared to periods when those businesses were not serving on ALEC's board – and this is net of all of the company characteristics I described above. A two-unit increase on MSCI's social concerns score is substantively significant. The typical firm in my sample averaged two social concerns and the median firm had only one social concern.

Participation in ALEC not only affects the number of concerns MSCI has with businesses' social activities, but it also decreases company strengths as well. The second column of Table 6.6 shows the effect of ALEC participation on the net rating that MSCI assigns to firms, which subtracts the number of concerns assigned to a company from the number of strengths that a company enjoys. On average, businesses had a five point lower score on the MSCI ratings while serving on ALEC's board compared to the periods when those companies were not serving on ALEC's board. This is also a relatively large effect; the typical company had an average net rating of -0.30 and a median net rating of -1.

Table 6.6: ALEC Participation and Firm Social Performance, 2007-2011

ALEC Board Participation	Change in Number of MSCI Social Concerns	Change in Net MSCI Rating
Any ALEC Board Membership	+ 2.44 social concerns [1.19, 3.71]	- 5.16 points [-6.81, -3.53]

Notes: Table shows the change in the number of social concerns reported by MSCI (first column) and the change in the net social rating assigned to firms by MSCI (second column). Brackets indicate 95% confidence intervals for estimates. Control variables included but not shown.

These results show, in short, that firms have poorer social performance – worse environmental, labor, community, safety, and corporate governance outcomes – while serving on ALEC's board compared to periods when these firms are not on ALEC's board. This outcome holds even if I repeat my analysis excluding the financialization and union density variables, which restrict my analysis to a much shorter time period. In this substantially longer time series, which ranges from 1992 to 2012, a full twenty years, I find that firms serving on ALEC's board have, on average, an additional two social concerns and a lower net social rating of three points. Together with the earlier findings about ALEC's effects on corporate policy stands, my results strongly suggest that business associations, and especially ALEC, can have a powerful effect on firm behaviors – both in and out of politics.

Understanding ALEC and SPN from Inside the Corporate C-Suite

In chapter 3, I documented the reasons why state lawmakers might choose to join and participate in ALEC: the organization found a clear niche that it could fill in the state policy landscape, providing policy resources for conservative, understaffed, and overwhelmed part-time legislators. In this chapter, I have flipped the perspective to examine why companies would choose to pay the hefty dues – and potential reputational costs – to join and stay with ALEC and SPN. We saw that larger and more politically active firms were much more likely to fund efforts to shape state policy through the two right-wing networks compared to their smaller and less active counterparts. Firms were also much more likely to participate if they were exposed to greater threats from government or labor unions, and these two objectives are reflected in the priorities pursued by both ALEC and SPN, as we saw in chapter 2. Once these groups began to attract controversy, it tended to be the firms that had the most to gain from continued membership – those most heavily regulated and threatened by government and unions – that continued their participation in these now-controversial groups, as did companies that did not face the risk of consumer backlash.

But narrow policy benefits were not all that businesses obtained from their continued participation in ALEC. We also discovered that companies that participated in ALEC, especially in leadership roles, changed the ways that they behaved, both in politics and in their managerial practices. Consistent with the hard-right and pro-business ideology espoused by ALEC, I found that firms were more likely to adopt conservative policy stands and managerial practices when they were serving on the group's board of directors compared to when those firms were not in leadership positions. ALEC was distinct, however, in these effects – I did not find similarly strong effects for corporate participation in the U.S. Chamber or the Business Roundtable.

Together, the results in the chapter offer contributions to several different bodies of work. The findings suggest that participation in groups like ALEC and SPN are still very important ways that companies shape policy, even as lobbying through other national associations has declined over time (Drutman 2015). While corporate lobbyists may now be able to go at it alone when they are pushing legislation on Capitol Hill, they still can reap important advantages to pursuing state-by-state policy change through ALEC and SPN, given these organizations' already well-developed networks of access and influence across the country.

My findings also inform discussions about the effectiveness of consumer protests to change corporate political behavior. This is an increasingly important subject of debate in the post-*Citizens United* era, as many citizens and political advocates search for ways of curbing corporate influence beyond campaign finance or lobbying reform (e.g. Sachs 2012). My analysis of firms that severed their ties with ALEC provides some measure of optimism for those seeking to limit corporate political activities through consumer protests, but also indicate that companies that are already engaged in many other political activities or face significant regulatory risks from government or labor are unlikely to change their ways, regardless of consumer pressure.

Lastly, my findings about the effects associations can have on corporate behavior suggest important new lines of research. I have only examined three associations in this paper and a relatively limited set of outcomes; future work might focus on expanding the analysis of associational effects to other types of business groups, such as sectoral trade associations, and other outcomes. Such a study would not only improve our understanding of the landscape of business groups in the United States, but it could also help to refine the scope conditions for the associational effects I have sketched out in this chapter, finding other institutional characteristics that determine whether an association can shape the behavior of its members. Similarly important would be the intersection of government action with associational effects – to what extent does government regulation of corporate behavior complement, reinforce, or undermine the power of associations to change corporate behavior? Regardless of the direction of such work, it is clear that business associations in the United States merit far more attention from political science.

CORPORATE-CONSERVATIVE MOBILIZATION AND AMERICAN DEMOCRACY

"I hope we shall … crush in it's birth the aristocracy of our monied corporations which dare already to challenge our government to a trial of strength and bid defiance to the laws of our country."

– Thomas Jefferson, in correspondence to George Logan (1816)

On December 19, 2014, Kentucky's Warren County became the first locality to announce itself as being "right to work" – that is, that unions operating within the county could not require that workers pay dues, even if those workers enjoyed representation from the union. The decision took aim squarely at the United Auto Workers union, which represents workers at a General Motors Corvette plant based in Bowling Green (Associated Press 2014). Following Warren County's ruling, a number of other Kentucky counties passed similar measures. Collectively, these actions represent a watershed change in labor law. Until the Warren County vote, both liberals and conservatives alike had generally interpreted the Taft-Hartley amendments to the National Labor Relations Act as only permitting *states* to pass "right to work" provisions. 25 states, mostly in the South, have taken advantage of that provision, and the total had not changed much since the post-war era with the very recent exceptions of Indiana, Michigan, and Wisconsin (which we explored in chapter 4). Where did this new interpretation of labor law come from?

By this point, the answer should be clear. ALEC, AFP, and SPN all played an essential role in promoting the idea that Warren County and its followers had the legal authority to pass right to work measures. The local-level right to work initiative can be traced to the summer of 2014, when the conservative DC-based Heritage Foundation hosted an event on the topic. That event featured representatives from ALEC's new offshoot focusing on county and city policy (the American City-County Exchange, or ACCE), Americans for Tax Reform, and the National Right to Work Legal Defense Foundation (Marvit 2014). County-level right to work ordinances, the Heritage panelists argued, could help conservatives to make inroads in the remaining non-right to work states. And even if the initiative failed, it would force the labor movement to go, once again, on the defensive and expend scarce resources to defeat the measures in lengthy litigation. "Doing this county by county, city by city is more time consuming, but it's also more time consuming and draining for the unions to fight," explained one of the leaders behind the county-level right to work push (quoted in Dewan 2014). States where Republicans controlled at least some branches of government were an especially important target for the local-level right to work movement, because under those conditions state legislatures could not pass laws squashing county efforts. Kentucky was mentioned as one such target, not only because of a GOP-controlled chamber, but because it borders several right to work states and has delegated expansive authority to its localities on matters of economic development – which conservative legal scholars argued encompassed right to work.

Shortly after the Heritage panel, Kentucky Senate President Robert Stivers, himself an ALEC member, sent a letter to his state's attorney general asking for clarification on the county-level right to work issue, signaling interest in tackling the campaign (Bailey 2014). "We anticipate that this issue will be of continuing interest to localities that are looking for innovative ways to attract new businesses," said Stivers. "We also anticipate that this issue will come up on a statewide basis in the upcoming 2015 General Assembly legislative session." ALEC, and its new little brother ACCE, later made an official recommendation for county-level right to work model language at their first annual conference for city and county lawmakers in early December 2014. That event also included a workshop for lawmakers interested in pursuing the initiative in their own localities. ALEC's model language "provides that no employee need join or pay dues to a union, or refrain from joining a union, as a condition of employment. The ordinance establishes penalties and remedies for violations of the ordinance's provisions."

Just two weeks after the ALEC-ACCE conference, Warren County quietly took the steps necessary to pass their own measure. Even the local unions in Warren County were taken by surprise. Said one union official: “It was sprung on everybody. The other side had all their ducks in a row; we didn’t have even the opportunity to say how we felt about it” (quoted in Dewan 2014). Those ducks had been carefully aligned by the state Chamber of Commerce and the Bluegrass Institute, an SPN affiliate in Kentucky, which both gave presentations in support of the right to work ordinance at county meetings. And Warren County’s elected head had been in close contact with “Protect My Check,” a new non-profit started to help counties pass right to work laws operating in close conjunction with the Heritage Foundation, ALEC, and Americans for Tax Reform. Although it may have seemed to the unions as if the right to work measure had appeared out of thin air, the success reflected months of careful planning and research from major national organizations.

As anticipated by the Heritage panelists, Kentucky’s county-level ordinances are being challenged in federal court by the unions, raising the prospect of steep fees for protracted legal battles. But here too the conservative networks have assisted interested localities by pledging to pay the legal expenses incurred by any county seeking to pass a right to work ordinance. In so doing, the conservative activists have effectively taken much of the risk out of the passage of right to work measures (Waters 2015). Indeed, Warren County’s elected head was motivated to support right to work in part because of the promise that Protect My Check would pay the full cost of the legal battle (Dewan 2014).

Protect My Check, in turn, has received generous support from Americans For Prosperity’s Kentucky chapter, which wrote a $50,000 check to the group after the first round of lawsuits had begun in 2015. According to AFP’s state director in Kentucky, the “chapter has committed significant resources to ensure that Kentuckians have choice in the workplace, we believe we should also support the local governments that are standing up for worker freedom and creating a more prosperous Kentucky by passing right-to-work ordinances" (Americans for Prosperity-Kentucky 2015a).

Aside from giving financial support to the ongoing legal battle, AFP has also focused on building the appearance of strong public support for local-level right to work measures. In a very similar manner to the Medicaid expansion debates and to the union battles we reviewed earlier in chapter 4, AFP commissioned a push poll in March 2015 that the organization could point to as evidence that Kentuckians supported right to work ordinances. AFP claimed that 59% of registered voters in Kentucky supported local right to work laws (Americans for Prosperity-Kentucky 2015b) – an approval rate that the pollster only produced after respondents were dubiously "educated" on what right to work meant (Crigler and Yessin 2015). In its efforts to promote broader public support for the local Kentucky ordinances, AFP has been assisted by Americans for Tax Reform and the Bluegrass Institute, which together hosted a series of town hall meetings on the topic throughout 2015 (Center for Worker Freedom 2015). Although a federal district court judge ruled that local right to work in Kentucky was invalid, the decision has already been appealed by the anti-union activists (Gurrieri 2016). But even if the conservative networks ultimately lose, they will have forced labor unions to invest in expensive and lengthy litigation to merely defend the already-unfavorable status quo of American labor law.

Cities and Counties: The Next Frontier for ALEC?

The new ALEC offshoot responsible for developing and disseminating the local-level right to work law, the American City-County Exchange, provides a clear example of how ALEC is dealing with the fallout from all the controversy it has faced in recent years. Rather than folding in the face of intense public pressure and scrutiny, ALEC has doubled-down on the activities which have made it such a powerful force in American politics. Expressing concern that progressives had begun to mobilize at the local and city level to pass a number of initiatives related to paid sick leave, minimum wage increases, and environmental protection that directly threatened the political fate of conservatives and the bottom lines of businesses, ALEC extended its activities to include not just state lawmakers, but also officials on city councils and county governments.

These local deliberative bodies, ALEC recognized, not only represented an untapped resource for the conservative movement, but also could serve as a valuable profit-center to help with ALEC's funding woes. As the *Guardian* pointed out in its coverage of ACCE, there "are almost 500,000 local elected officials, many with considerable powers over schools and local services that could be attractive to big business" (Pilkington 2014). For dues ranging from $10,000 to $25,000 a year, private sector companies can "participate in policy development and network with other entrepreneurs and municipal officials from around the country" – which includes the right to "present facts and opinions for discussion," and pitch ideas for new policy to ACCE's affiliated mayors, city council representatives, school board members, and county government officials.[92] ALEC advertises benefits for local government officials that sound very similar to those offered to state lawmakers: "ACCE members receive academic research and analysis from policy experts who work with issues, processes and problem-solving strategies upon which municipal officials vote." "Provided with important policy education," ACCE advertising material explained, "lawmakers become more informed and better equipped to serve

[92] http://www.prwatch.org/files/private-sector-acce-final-web.pdf.

the needs of their communities."[93] Local officials are already responding positively to ACCE. "It's nice to have a group like this that can provide information to me as to how other people in other areas have done positive things in terms of reducing the size of government and the scope of government," reported one member of an Ohio city council approvingly (quoted in Greenblatt 2014).

Aside from pushing the local-level right to work campaign, other ACCE priorities include issues relevant to energy developers, plastic bag manufacturers, and low-wage service employers. The same dirty power producers that are increasingly threatened by efforts to address climate change at the national and state level have trained their sights on local government, too, as cities have sought to encourage the use of renewable energy sources. Accordingly, ACCE is advancing proposals that would make it more challenging for local governments to provide incentives for the use of solar power and that would prevent municipalities from taking over power distribution systems (Arnold 2015).

Another threatening local measure for natural gas producers and plastic products manufacturers involves the regulation of plastic shopping bags. A number of states and cities, including Washington, DC, have passed measures to curb usage of plastic shopping bags to reduce their harmful impact on the environment. Many other cities and counties are considering similar measures given the success of the initial wave of bans and fees. Championed by progressive and environmental groups, plastic bag regulation poses a clear threat to firms responsible for producing the bags, which are made from natural gas. Spurred on by the natural

[93] http://www.prwatch.org/files/public-sector-acce-final-web.pdf.

gas industry, ACCE encourages cities and counties to stop the use of such bans or fees on plastic bags (Arnold 2015).

Lastly, just as with ALEC, ACCE works with service sector firms, especially those in the fast food and retail industries, to promote strategies to keep wages down. At one recent ACCE meeting, a representative from the International Franchise Association argued for a "two-pronged strategy to beat back higher wages" (Fischer and Bottari 2015). The strategy consisted of preemption efforts, which would make it harder (if not impossible) for localities to pass labor market measures, including minimum wage increases, which exceed state law, and aggressive litigation against cities to stop legislated minimum wage increases.

Although it is too soon to evaluate the legislative effects of ACCE, there is every reason to think that the group will be just as successful as its big brother – if not more. As we have seen, ALEC has been most successful where state lawmakers lack the resources to craft policy on their own – and local governments in the United States tend to be even more under-resourced than state legislatures, potentially making ALEC all the more appealing to city and county officials. Consider variation in school boards, one level of local government for which there is very detailed data available. In one 2010 national survey of school boards, 62% of officials reported receiving no pay at all for their service, and another 23% received an annual salary of $5,000 or less (Hess and Meeks 2010, 62). Only slightly more than half (56%) of responding board members reported that they had access to staff who could help them with policy research (Hess and Meeks 2010, 63). Data for city councils are sparser, but similarly suggestive of low policy capacity and professionalization in most areas of the United States. According to the National League of Cities, in small to medium cities (with populations ranging from 25,000 to 200,000), the average councilmember only spends between 20 to 25 hours per week on council policy matters, and only two to seven percent of those cities grant salaries of $20,000 or more to their elected officials.[94] Given these disparities, it should come as no surprise when ACCE's members report how pleased they are at how the group serves as "an ideal lobbyist, filling the void left by the lack of staff – and the ideas they might generate – at the local level" (Greenblatt 2014). Reported one new member of the group who serves on an Ohio city council: "There's nobody feeding you ideas for legislation [right now]" (quoted in Greenblatt 2014). The future for ALEC and ACCE, then, looks quite bright, as they prepare to feed their corporate-drafted model bill ideas to the nearly 20,000 cities and towns in the United States.[95]

Pulling it All Together

Across the past seven chapters, we have seen how a small group of determined conservative leaders created an infrastructure that brought their right-leaning political allies together with businesses to reshape American politics. That effort has been remarkably successful. Whether gauged on the basis of individual policy areas or the aggregate number of bills passed, the initial vision of Paul Weyrich and his colleagues from 1973 has certainly been achieved. Public sector labor unions are on the defensive across dozens of states, including those once considered union strongholds. States have passed hundreds of ALEC-drafted measures to privatize state and local services. And ALEC affiliated lawmakers have taken bold steps to oppose the Obama administration's efforts to expand public health insurance for the poor and to deal with climate change. There have been setbacks, to be sure, but just as ALEC bounced back

[94] http://www.nlc.org/build-skills-and-networks/resources/cities-101/city-officials/city-councils.

[95] 2013 total of incorporated places from: https://www.census.gov/content/dam/Census/library/publications/2015/demo/p25-1142.pdf.

from its financial crises in the late 1980s and early 1990s, so too does it appear well positioned to continue growing in the wake of its most recent public relations meltdown.

Beyond its legislative victories over the years, ALEC can also now count on an impressive network of alumni who are serving at all levels of government. By all accounts, ALEC alumni's track record for government service is quite remarkable – giving ALEC access to friends in very high places, all the way up to the White House. Seven of the currently sitting governors in 2016 have been ALEC members in the past, as have 72 members of the current House of Representatives and 13 U.S. Senators.[96] Even more strikingly, three contenders for the GOP presidential nomination in 2016 had longstanding ALEC ties: Ohio Governor John Kasich, Wisconsin Governor Scott Walker, and Florida Senator Marco Rubio. A similarly strong record holds looking in earlier years. According to one analysis conducted by ALEC in 2002, more than 98 members of Congress in that year were ALEC alums, and former ALEC participants were also serving in the George W. Bush White House in key positions such as Health and Human Services Secretary (Tommy Thompson), Defense Secretary (Donald Rumsfeld), and Chief of Staff (Andrew Card) (ALEC 2002a).

Though harder to quantify, these connections represent a real political resource for ALEC – and a sign of its success in not just promoting its policies across the states, but also in fostering a social network of elected officials, conservative policy activists, and corporate executives who are focused on the same goals and think about the market and government in a similar manner. The enduring connections that have been fostered between these three groups – politicians, the

[96] https://web.archive.org/web/20160127012440/http://www.alec.org/about/alumni/.

private sector, and conservative political advocacy groups – may ultimately be the most significant victory ALEC has achieved over the past forty years.

But the goal of this manuscript was not simply to track ALEC's impact on American politics. As I explained in the introduction, beyond being a fascinating empirical case, ALEC offers a window into broader theoretical debates from both American politics and comparative political economy.

It's Not All About the (Campaign) Money

Perhaps the most central contribution of this manuscript is to emphasize the importance of weak policy capacity as a mechanism for the exercise of business power. Since the seminal work of the scholars associated with the "state-centric" approach (Evans et al. 1985), most notably Theda Skocpol (1992; Skocpol and Finegold 1982), students of politics have recognized state capacity as a key independent variable shaping policy outcomes. The expertise, professionalization, and resources available to state actors determines both the scope and character of public policy, according to this work. But in spite of the prolific spread of this state-centric approach, little work has sought to understand how weak policy capacity might open an avenue for business power, independent of other, more conventional mechanisms for corporate influence. One important exception is the work of Richard Hall and Alan Deardorff, which has proposed that lobbying is not about attempting to persuade opposing legislators to adopt an interest group's perspective, but rather that lobbying should be seen as a subsidy for legislators to work on policy objectives they already share in common with interest groups (Hall and Deardorff 2006). While the logic of Hall and Deardorff's argument certainly informs my own analysis, their paper does not offer empirical evidence in support of their argument, which I was able to do, showing concrete measures of both policy capacity and specific legislative inputs and outputs. Similarly, Pepper Culpepper's argument about how business can prevail in highly technocratic domains of "quiet politics" is similar in spirit to my argument (Culpepper 2010), but Culpepper examines variation in the salience of policy issues, rather than in the variation of policy capacity itself, which is a central variable in my analysis.

My manuscript thus provides an important corrective to the emphasis in the popular media – and among many scholars – that business is influential only (or even mostly) because of the vast sums of money it can offer to aspiring and elected officials. In seeking to explain rising top-end inequality in the United States, for instance, Jacob Hacker and Paul Pierson rightly call on researchers to focus more on policy battles and less on "electoral spectacle," but the two authors still rely heavily on the growing financial weight of business in electoral politics as evidence of rising business power, writing that:

> "Business also massively increased its political giving—at precisely the time when the cost of campaigns began to skyrocket…The insatiable need for cash gave politicians good reason to be attentive to those with deep pockets. Business had by far the deepest pockets, and was happy to make contributions to members of both parties…A new era of campaign finance was born: Not only were corporate contributions growing ever bigger, Democrats had to work harder for them. More and more, to receive business largesse, they had to do more than hold power; they had to wield it in ways that business liked" (Hacker and Pierson 2010, 121-2).

Campaign finance expert Thomas Ferguson puts it even more bluntly than Hacker and Pierson, arguing that "it is high time both social scientists and voters learned to read the handwriting on the wall…Anyone should have seen it who had followed what might be termed the 'Golden Rule' of political analysis—to discover who rules, follow the gold (i.e., trace the origins and financing of the campaign…)" (Ferguson 1995, 8). Law professor and campaign finance reform evangelist Lawrence Lessig seems to have read that writing on the wall and taken it to heart, launching a national social movement (the "Mayday" campaign) and even a short-lived 2016 presidential bid to get corporate money out of politics (Bump 2014a; Lessig 2011).

In direct contrast to these bold assertions, my analysis shows quite clearly that campaign contributions played virtually no role in facilitating the influence of business in state politics through ALEC. Policy capacity instead provided the main mechanism for influence. To be clear, in arguing for the independent importance of policy capacity I am *not* asserting that campaign contributions are irrelevant for business power. Rather, my argument implies that we will be unable to fully understand why business is powerful *without* considering the structural reasons that might lead legislators to rely on business's policy ideas and legislative assistance. In contexts where legislators are especially pressed for time or policy resources and expertise, business appears to have little need to engage in expensive electoral giving. Rather, corporations can succeed by providing private resources that legislators would otherwise lack. In contrast, campaign contributions may be more relevant in contexts where public sources of policy capacity are more plentiful, such as in states with highly professionalized legislatures (Powell 2012), or in Congress, where members have access to vast arrays of staffers and independent agencies like the Congressional Budget Office, the General Accountability Office, and the Congressional Research Service (though see Drutman 2015 for the argument that federal legislators face declining policy capacity with corresponding implications for business influence). This insight about policy capacity might also help us to better understand interest group influence in other areas of government, such as regulatory agencies or in the federal judiciary, where government officials are not subject to direct electoral pressures, but do have a high demand for policy resources and expertise, and may lack such capacity (for an initial theoretical argument in this vein, see McCarty 2013). It also suggests that conservative and corporate led efforts to weaken government capacity have the effect of increasing business influence even further.

The Hollow Hope of Federalism in an Era of National Gridlock

Aside from qualifying the dominant narrative about campaign contributions and electoral activities in studies of business power, my analysis also has implications for how we understand federalism the United States. Politicians and pundits have embraced federalism with renewed zeal in recent years as the national government appears increasingly incapable of taking action in the face of partisan gridlock. Two scholars at the Brookings Institution, for instance, waxed optimistically in the aftermath of the 2012 election that "when the federal government cannot or will not lead cities, metropolitan areas, and their states have the power to develop new solutions and point the way to federal reform. And that is what is happening now" (Katz and Muro 2012, 3). President Obama has embraced a similar vision of federalism, encouraging states and localities to act on minimum wage increases and paid sick leave measures since Congress would not (President Barack Obama 2014). In addition, in part because of contentious compromises at the national level, the states have assumed a central role in the implementation of major policy initiatives like the Affordable Care Act (Jacobs and Skocpol 2010) and new EPA regulations addressing carbon emissions from power plants (Davenport 2014). State legislators were also key actors in President Obama's education initiatives, especially the "Race to the Top" program for educational standards and waivers for compliance with the "No Child Left Behind" legislation (Goldstein 2014). Across a range of important policy domains, then, the states are emerging as crucial actors given a deadlocked national legislature.

My analysis, however, paints a decidedly less rosy picture of the ability of federalism to compensate for stalemate in Washington, especially for those concerned about the outsized role that businesses play in the policymaking process. I find that a substantial portion of legislators finds themselves without the resources and expertise they would need to pass legislation without resorting to outside actors. This in turn raises the question of whether all states possess sufficient policy capacity to carry out the sort of policies hoped for by federalism's current boosters.

To be sure, legislative professionalization *has* generally increased over time in the states (e.g. Squire 2007).[97] But there are two reasons to be skeptical that this trend will mitigate the influence of business as national politicians increasingly look to the states for policy innovation. First, there still remain a number of states with only weakly professionalized legislatures – like Montana, Georgia, Idaho, Kansas, Maine, Mississippi, Nevada, New Hampshire, Utah, and Wyoming – where legislators only spend about half of all their time on the job, and are paid only about $20,000 per year for their services.[98] Private policy resources for all legislators in these states are thus undoubtedly in high demand. Moreover, even within more professionalized legislatures, there are still junior members without substantial policy experience that still may need to turn to business lobbies like ALEC. Thus, to the extent that policy capacity does not change (or even diminishes across certain states), my research suggests that delegation of policymaking authority to the states may provide more opportunities for organized business to shape the content of state policy – potentially even against the interests and preferences of the mass public.

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[97] The measure I have used in this manuscript shows that average levels of legislative professionalization have increased 42 percent from 1996 to 2012.

[98] See for instance: http://www.ncsl.org/research/about-state-legislatures/full-and-part-time-legislatures.aspx.

In emphasizing the trade-offs of ceding policymaking authority to the states, I am in some respects following a well-trodden academic path. There has long been a recognition of the pressures that states face to attract capital, leading to a "race to the bottom" on policies that impose substantial costs on the private sector, like taxes or labor regulations (e.g. Peterson 1995; Robertson 1989). States also fear becoming a magnet for costly residents drawn to generous social benefits (e.g. Rom et al. 1998). For these reasons, scholars and activists dating back to at least the Progressive era wondered whether individual states could ever enact meaningful social welfare or regulatory regimes in the absence of federal incentives to do so (e.g. Moss 1992). Separately, there is extensive historical evidence that decentralization was used as a strategy for retaining punitive and discriminatory policies towards minorities, especially in the South (Katznelson et al. 1993; Katznelson 2005; Quadagno 1988). By monopolizing local control of key social and economic programs, Southern Democrats could tailor state policies to meet their needs for racial subordination (Katznelson 2013; Gibson 2013; but see Gerken 2014 for a thoughtful revision of these perspectives).

There are important points of tangency between these past worries about the consequences of federalism and the perspective I have advanced. Like those concerned about "race to the bottom" effects, my analysis implies that ceding authority to the states may empower capital at the expense of labor. And as with those who see federalism as abetting racial oppression, I also note that the organizations I studied did promote several policies disproportionately affecting racial minorities (for instance, voter ID laws making it harder for citizens to participate in elections), which were adopted more frequently in states with greater proportions of those minorities, suggesting patterns of racial discrimination (Bentele and O'Brien 2013).

My argument, however, is ultimately distinct from these historical concerns with federalism, and ought to be taken seriously as students of American politics and policy analysts consider the costs and benefits of greater decentralization of national governing authority. It also opens up a range of interesting research questions about how national business mobilization in state politics has reshaped the representation of citizens in the states, a question that I did not address directly. To what degree are the policies pursued by corporate-conservative groups like ALEC, SPN, or AFP aligned with, or against, the preferences of the mass public in each state? Understanding these dynamics would shed light on the important socioeconomic gaps in representation in national politics that have been identified by scholars such as Larry Bartels (2008) and Martin Gilens (2012; see also Lax and Phillips 2009, 2012 in the states). If the two case studies from chapter 4 – Medicaid expansion and public sector union cutbacks – were any guide, it may well be the case that the right-wing troika is bypassing public opinion altogether.

Business and the New American Inequality

Thanks to the pioneering work of Thomas Piketty and Emmanuel Saez, we now have a much deeper understanding of long-run trends in income inequality in the United States and other advanced economies (Piketty and Saez 2003). Though scholars in a variety of disciplines had identified patterns of rising inequality in both earnings and incomes well before the publication of their widely cited work, Piketty and Saez's data illuminated the full extent of inequality at the very top of the income distribution. Disparities in income were much more striking than scholars had previously appreciated, as was the variation in levels of inequality across the twentieth century, with income inequality falling dramatically in the post-war era, then rising again to pre-war levels beginning in the mid-1970s. These stylized facts present puzzles for standard economic models of wages and incomes, and now both economists and other social scientists have recognized that any explanation for skyrocketing levels of income and wealth concentration will require a focus on politics and institutions – and public policy in particular.

My results affirm the importance of politics and policy as explanations for rising inequality in the United States, thus engaging with recent works in sociology and political science. Drawing on a rich historical narrative, Jacob Hacker and Paul Pierson's book *Winner Take All Politics* identifies business mobilization as the key driver of the concentration of economic resources since the 1970s. Subsequent studies have sought to test Hacker and Pierson's propositions with more systematic quantitative analyses. Peter Enns and his collaborators (Enns et al. 2014), as well as Thomas Volscho and Nathan Kelly (2012) have identified strong correlations between the strength of the left and labor, as well as political gridlock in Congress, and rising inequality (see also earlier work in Bartels 2008). When Democrats were in office and when labor unions were stronger, inequality grew less, or even declined. In addition, the super-majoritarian nature of the Senate has exacerbated inequality by preventing the passage of policies that might otherwise mitigate such disparities (see also McCarty et al. 2006). Examining the states, Nathan Kelly and Christopher Witko (2012) have reached similar conclusions: income inequality has tended to rise where the power resources of the left and labor were weaker.

But while all of these past studies measured the influence of labor power on inequality, none of them directly tested the mobilization and influence of business on levels of income inequality. In contrast, I was able to test this relationship, examining how the passage of business-drafted bills shaped the distribution of economic resources within states over time. My results thus offer the first systematic quantitative evidence of the role that business mobilization has played in increasing income inequality. Importantly, it also illustrates several specific pathways through which this increase has occurred: reductions in the progressivity of state income taxes and through a weakening of labor unions, especially in the public sector. Still, much more can be done to understand the specific public policies – and not simply broad economic or political characteristics – responsible for changing levels of income inequality across the states. This identification of specific state policies will be greatly facilitated by the dataset of all enacted state legislation between 1995 and 2013 I have compiled.

Philanthropy and the Construction of Enduring Political Organizations and Coalitions

Looming large in the background of the success of ALEC, and later, the two other members of the right-wing troika – SPN and AFP – is the role of philanthropists who were willing to provide the risky venture capital necessary to get those networks out of the heads of their initial founders and into the field. ALEC would not have gotten off the ground were it not for large general support grants offered by conservative philanthropies (especially affiliated with the Coors family) to hire its early staffers, produce initial publications, and hold its first conferences. Although those same foundations would turn out to be fickle long-term funders of ALEC – forcing the group to turn more toward corporate backing in its later years – the initial capital was essential to its creation. The lack of consistent funding from center-left philanthropies, as we saw in chapter 5, proved to be one important reason why left-wing efforts to counter ALEC and SPN never seemed to get their act together. My findings therefore suggest that political scientists would do well to return to the study of political patrons and the ways that these funders can change the fate of political advocacy groups – including the issues that groups choose to address, the ways that organizations structure themselves, and the partners that groups choose to work with (Walker 1991; Berry 1977; Skocpol and Hertel-Fernandez 2016; Skocpol 2016). The last point is nicely underscored by the analysis in chapter 4, which showed how collaboration between SPN and ALEC was by no means automatic. Rather, SPN affiliates were most likely to work closely with ALEC task forces when SPN's national office channeled grants to those affiliates. The success or failure of political organizations at changing policy outcomes or constructing enduring coalitions in other domains aside from the right-wing networks I have studied here may well turn on the ways that patrons fund – or do not fund – such efforts.

I have tackled the relationship between political patrons and political advocacy groups and coalitions from the perspectives of grantees, rather than the funders. But one could easily imagine further work looking at the relationship from the perspective of grant-making organizations. Much more remains to be learned about the ways that such political funders find, recruit, and retain their donors, select their grantees, and monitor and evaluate their donations. These research questions are all the more pressing given rapidly rising donations to political institutions and causes by wealthy individuals in recent years (Laskowski 2011/2).

The Corporate Social Network

Lastly, my manuscript suggests that scholars of American politics need to pay more attention to the ways in which businesses interact with each other, especially through trade associations. All too often, political scientists have tended to view these bodies as mere vehicles through which firms channel PAC contributions or mobilize lobbying blitzes, rather than as deliberative forums in which top corporate executives interact with each other, and with other policy leaders. Moreover, scholars both in American and comparative politics have tended to paint these organizations with an overly broad brush. Students of American politics have viewed these groups – like the National Federation of Independent Business, the Chamber of Commerce, and the Business Roundtable – as largely conservative institutions that have sought policies to benefit their own memberships (Akard 1992; Edsall 1989; Ferguson and Rogers 1987; Fang 2013; Hacker and Pierson 2010a), while observers of comparative politics have dismissed

American business associations as being too weak and disorganized to influence their members' behaviors (Martin and Swank 2012; Schmitter 1974; Schmitter and Streeck 1999 [1981]; Hicks and Kenworthy 1998).

Building on work from economic sociology and comparative political economy, I show that business groups do matter for the outlooks and orientations of individual firms, but in very different ways depending on the structure of the group in question. This in turn opens important avenues for research for both students of American and comparative politics. For those interested in the United States, my results suggest that changes in business associations – for instance, the creation of new groups, like ALEC, and changes in the operation of older organizations, like the Chamber of Commerce or the Business Roundtable – may have played a crucial role in changing the behavior of individual firms, for instance, by encouraging firms' growing unwillingness to support government intervention in the economy. For comparative-minded scholars, my research suggests a need to take variation in business associations within countries more seriously, especially within the countries (like the United States) that are thought to have only ineffectual representation of business interests through peak associations. Another relevant direction for research in both American and comparative politics is the changing relationship between business associations, firms, and political parties. What role have changes in major national business associations played in the dramatic transformations of the party systems in the United States and other rich democracies?

For as much as he was ridiculed for these remarks, 2012 Republican presidential candidate Mitt Romney's comment that "corporations are people, too" has an important element of truth to it (Rucker 2011). Corporations are run by people, and those people are subject to the same social forces that construct and constrain their preferences and ideologies as with any other individual. Business associations are an important way that corporate leaders gain information about the world, including information about the behavior of their peers, their competitors, and the government. This manuscript thus aims to encourage scholars of both American and comparative politics to direct more energy to understanding the role that such associations have played in shaping the trajectory of the distinctive American political economy.

Toward Better Democratic Representation in an Era of Economic Inequality

Although concerns about the role of moneyed interests in politics date back to the founding of the Republic, they have taken on new urgency in our current era of high and rising economic inequality as scholars, citizens, and pundits worry about the ways that companies and the wealthy individuals who manage those firms can translate their economic gains into political power. The success of ALEC and its allies in pushing American public policy towards the interests of well-organized private sector firms offers good reason to be concerned about the disproportionate voice that businesses and their political representatives have in the policymaking process (Gilens 2012; Gilens and Page 2014). What, then, can ordinary citizens and political activists do to remedy these imbalances of political power that have emerged over the past forty years?

Beyond their implications for academic debates, my work also suggests several practical considerations that could inform such political campaigns. Unsurprisingly, my first piece of advice to political reformers is to focus just as much on policy capacity as campaign contributions when trying to curb the influence of business in politics. While "give legislators more staffers and better pay" might make for a less appealing campaign slogan or bumper sticker than "get the money out of politics," the former has much stronger empirical backing than the latter based on the work I have presented in this manuscript. At a time when many Americans are hurting economically it is no wonder why voters might resent lawmakers voting to increase their salaries or spending on legislative staffers. Yet such resources are necessary if citizens want a legislature that is less dependent on the ideas and language of organized interests, especially business. Political reformers would do well to launch campaigns that could educate citizens about the dangers of low policy capacity and the simple reality that voters cannot get public policy on the cheap – if state lawmakers do not get their resources from the state, then they turn to the private sector, and especially ALEC.

Regardless of whether reformers can muster the courage to make the case for well-resourced legislatures, what should also be clear by now is that ALEC, SPN, and AFP have been successful in large part because they organized – while their opponents did not. As we saw in chapter 5, left-wing networks never really reached the same scope in terms of budget, membership, or geographic reach as did the right-wing troika. To rebalance power across the states and to ensure that lawmakers are not only hearing from the conservative and corporate interests represented by the right-wing troika, left-wing opponents need to construct meaningful associations of state and national lawmakers, think tanks, advocacy groups, and labor unions that can share legislative ideas, provide research support for politicians in under-resourced states, and coordinate policy campaigns. Whether or not the newly formed State Innovation Exchange will be such a network remains to be seen, but the fact remains that the left needs a stronger – and more coordinated presence – across the states if it is to adequately counter corporate-conservative mobilization developed over the past four decades.

The vulnerability of companies to negative backlash from the public and investors that I highlighted in chapters 1 and 6 also emphasizes a strategy that opponents of corporate-conservative coalitions can pursue to pressure businesses to drop their ties to groups like ALEC and SPN. Such pressure, especially when it combines bottom-up consumer protests with inside-based investor advocacy, can be especially effective at getting public-facing firms to drop their controversial political affiliations. But my analysis in chapter 6 also shows the limits of such an approach. Companies that do not depend on consumer sales are unlikely to be moved by consumer or investor advocacy. Similarly, firms that simply have too much riding on policy or labor threats are unlikely to be affected much, either. Ultimately such corporate pressure can only be one part of a broader strategy to check the power of corporate-conservative mobilizations.

Lastly, opponents of ALEC and the right-wing troika would do well to focus on the ways that public policy can reshape the political landscape to create more favorable rules and resources for their side, just as ALEC, SPN, and AFP have done so deliberately in attacking public sector labor unions. Leaders of the troika appreciated the political importance of public sector labor unions for the progressive movement – and thus made defeat of public unions a central priority.

Those seeking to check the right-wing troika's power ought to use public policy in a similar way. Progressive political reformers could, for instance, help to pass new measures to shore-up the strength of public sector labor unions, making it easier for them to collect dues, recruit members, participate in politics, and collectively bargain over a broader set of left-wing policies. Beyond labor law, measures that increase the ability of ordinary citizens to vote and participate in politics would also help the left reap greater electoral dividends. And public policies that support renewable energy producers and other high road, socially and economically responsible employers could create corporate constituencies for progressive energy and economic policies. In short, there is much the left could learn from the corporate-conservative coalition's strategic use of public policy as a means of reshaping future political opportunities.

The close analysis of ALEC and the other members of the right-wing troika I have presented in this manuscript also suggests a series of reforms that will be less successful at checking the power of organized business interests. Restrictions on campaign contributions and lobbying, for instance, seem unlikely to do much to curb the influence of ALEC and other members of the right-wing troika. Neither ALEC nor SPN engage in campaign contributions, and much of power of AFP flows not from its direct electoral spending but the issue-based advertising it runs and the grassroots activists it organizes. Similarly, few of these groups engage in full-time lobbying. States could certainly become more aggressive in defining lobbying so as to include the interactions that lawmakers have with ALEC, AFP, and SPN. But as these organizations' successes across states with stronger and weaker lobbying rules suggests, the groups will simply adjust their behavior to get around any new legal requirements. Recall how, for instance, ALEC stopped mailing hard copies of their materials to lawmakers in advance of meetings to get around disclosure requirements that some states have recently enacted.

In a related vein, it seems unlikely that efforts to get ALEC's non-profit status revoked will go very far. In 2012 the progressive watchdog group Common Cause filed a complaint with the IRS, arguing that most of ALEC's activities revolve around lobbying, which is illegal under non-profit law, and in 2015 the Center for Media and Democracy added new evidence to that complaint (Horn 2015). The IRS, however, has been reluctant to get in the business of deciding what is and is not lobbying, especially in a highly polarized environment where the agency could be viewed as siding with the current Democratic presidential administration. Not only does such a move dangerously politicize the IRS, but it potentially opens up progressive political groups to legal scrutiny as well. For every conservative group that pushes the boundaries of the legal limits on lobbying, one could easily find a progressive organization doing the same (Hulse 2014).

So long as we live in a mixed economy in which the government plays a major role in setting the rules of the game for the private sector, businesses are going to have a deep interest in shaping public policy. Seen in this light, the corporate-conservative coalition represented by ALEC and the other members of the right-wing troika are simply one more manifestation of a pattern long repeated throughout history and across many countries. And if history is any guide, then the most effective way of checking the power that business has in a democratic society is not to legislate business completely out of politics. Rather, as reformers did in the Progressive Era and the New Deal, the most promising path is to create political movements, organizations, and institutions of countervailing power that ensure that politicians hear from, and are accountable to, interests beyond corporate America.

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CHAPTER 2 METHODOLOGICAL APPENDIX

ALEC Bill Reliance and State Inequality

The table below shows the full regression results for the analysis of ALEC model bill introductions and enactments on measures of state-level inequality. The regression results show the effect of enacted ALEC bills on the top 10%'s share of income, but not the top 1%. The results also show that introduced ALEC bills do not affect state inequality.

	Outcome is Top 1% Share of Income	*Outcome is Top 10% Share of Income*	*Outcome is Top 1% Share of Income*	*Outcome is Top 10% Share of Income*
Lagged Outcome	0.73*** (0.07)	0.54*** (0.15)	0.79*** (0.05)	0.59*** (0.13)
Enacted ALEC Bill Share	0.05 (0.05)	0.10*** (0.03)		
Introduced ALEC Bill Share			-0.04 (0.08)	0.05 (0.04)
Union Density	0.00008 (0.00004)	-0.0007** (0.0003)	0.0003 (0.0004)	-0.0004* (0.0002)
Democratic Control	0.0000027 (0.0005)	-0.007 (0.0005)	-0.002 (0.0006)	-0.0009* (0.0005)
State Effects	Y	Y	Y	Y
Year Effects	Y	Y	Y	Y
R-Squared	0.86	0.93	0.87	0.94
N	544	544	662	662

Notes: OLS regression results. Significance levels: *** *p*<0.01, ** *p*<0.05, *** *p*<0.10. Standard errors clustered on states.

The Effect of ALEC Public Sector Labor Union Bill and Public Sector Union Density

The table below shows the full regression results for the analysis of ALEC model bills related to public sector unions and public sector union density. The regression results show the effects of a state enacting ALEC legislation related to public sector labor unions on state public sector labor union density before and after that legislation is enacted. Reassuringly, ALEC model bills show no "anticipatory" effects on public sector union density, and the effect is largest three years and beyond after enactment. The reference group for this analysis is three years or before enactment.

	Outcome is Public Sector Labor Union Density
Two Years Before Enactment	0.08
	(1.14)
One Year Before Enactment	-0.27
	(0.70)
Year of Enactment	0.12
	(0.53)
One Year After Enactment	-0.80
	(0.56)
Two Years After Enactment	0.43
	(0.91)
Three Years After Enactment	-1.11*
	(0.58)
Four or More Years After Enactment	-2.74**
	(1.19)
Private Sector Union Density	1.86***
	(0.16)
Democratic Control	0.60***
	(0.21)
State Effects	Y
Year Effects	Y
R-Squared	0.78
N	740

Notes: OLS regression results. Significance levels: *** p<0.01, ** p<0.05, *** p<0.10. Standard errors clustered on states.

ALEC Bill Reliance and State Income Tax Codes

The table below shows the full regression results for the analysis of ALEC model bill enactments on measures of state income taxes.

	Outcome is Number of Tax Brackets	*Outcome is Lowest Income Tax Rate*	*Outcome is Highest Income Tax Rate*
Enacted ALEC	-311.53**	61.87	69.28
Bill Share	(143.20)	(57.34)	(101.54)
Union Density	-0.21**	0.02	-0.07
	(0.11)	(0.03)	(0.08)
Democratic	0.15	0.01	0.004
Control	(0.12)	(0.03)	(0.10)
State Effects	Y	Y	Y
Year Effects	Y	Y	Y
R-Squared	0.74	0.95	0.83
N	350	357	332

Notes: OLS regression results. Significance levels: *** p<0.01, ** p<0.05, *** p<0.10. Standard errors clustered on states.

Determinants of ALEC Bill Reliance

The table below shows the full regression results for the analysis of the determinants of ALEC model bill introductions or enactments. The first two models are the baseline results; the third column introduces an interaction between Democratic control of state government and year.

	Outcome is Model Bill Introductions	*Outcome is Model Bill Enactments*	*Outcome is Model Bill Enactments*
Legislative	-1.83*	-3.24***	-2.77***
Professionalism	(1.03)	(1.20)	(1.01)
Union Density	-0.02	-0.009	-0.03
	(0.05)	(0.05)	(0.04)
Democratic Control	-0.07	-0.15	59.37**
	(0.06)	(0.10)	(23.66)
Unemployment Rate	0.05	-0.01	-0.02
	(0.05)	(0.06)	(0.07)
News Media Density	1.75	1.16	2.18
	(1.80)	(3.09)	(3.14)
Year Trend			0.08**
			(0.03)
Democratic Control X			-0.03**
Year Trend			(0.01)
State Effects	Y	Y	Y
Year Effects	Y	Y	Y
R-Squared	0.13	0.19	0.19
N	489	417	417

Notes: Negative binomial regression results. Significance levels: *** *p*<0.01, ** *p*<0.05, *** *p*<0.10. Standard errors clustered on states.

The following table replaces union density with the ratio of business to labor campaign contributions.

	Outcome is Model Bill Introductions	*Outcome is Model Bill Enactments*
Legislative Professionalism	-0.97	-4.72**
	(1.32)	(1.93)
Business-Labor Contribution	-0.17	-0.97***
Ratio	(0.22)	(0.27)
Democratic Control	-0.09	-0.21
	(0.06)	(0.10)
Unemployment Rate	0.05	0.03
	(0.06)	(0.07)
News Media Density	1.32	1.36
	(2.15)	(3.43)
State Effects	Y	Y
Year Effects	Y	Y
R-Squared	0.13	0.20
N	446	380

Notes: Negative binomial regression results. Significance levels: *** p<0.01, ** p<0.05, *** p<0.10. Standard errors clustered on states.

The following table excludes year effects and adds Democratic control of national government.

	Outcome is Model Bill Introductions	*Outcome is Model Bill Enactments*
Legislative Professionalism	-0.35	-2.14**
	(1.05)	(0.87)
Union Density	-0.11**	-0.07
	(0.05)	(0.05)
Democratic Control	-0.02	-0.17
	(0.08)	(0.11)
Unemployment Rate	0.08***	0.004
	(0.03)	(0.04)
News Media Density	-3.46	-0.73
	(2.33)	(3.00)
Democratic Control of National Government	-0.02	0.08*
	(0.04)	(0.05)
State Effects	Y	Y
Year Effects	N	N
R-Squared	0.08	0.13
N	489	417

Notes: Negative binomial regression results. Significance levels: *** *p*<0.01, ** *p*<0.05, *** *p*<0.10. Standard errors clustered on states.

CHAPTER 3 METHODOLOGICAL APPENDIX

Explaining Legislative Reliance on ALEC, 1995

	Outcome is Share of Introduced or Authored ALEC Model Bills	
Committee Leadership Roles	-0.47*	-0.42*
	(0.17)	(0.15)
Legislative Conservatism	0.53*	0.63*
	(0.16)	(0.17)
Republican	0.47*	0.42
	(0.28)	(0.28)
Electoral Margin	-0.006*	-0.006*
	(0.002)	(0.002)
Committee Leadership Roles *		-0.14
Conservatism		(0.09)
State Fixed Effects	YES	YES
N	932	932

Notes: Unit of analysis is state legislators. Outcome is the share of a legislator's authored or introduced bills that originated from ALEC model text (ranges from 0 to 1). Fractional logit regression results. * indicates that coefficient is statistically significant at $p < 0.05$. Standard errors clustered by state.

Business Campaign Contributions and ALEC Reliance, 1995

	Outcome is ALEC Bill Reliance	*Outcome is Business Share of Contributions in Next Cycle*	*Outcome is Business Contributions in Next Cycle*
Committee Leadership Roles	-0.35 (0.44)	0.28* (0.05)	0.001 (0.002)
Legislative Conservatism	1.02* (0.01)	0.40* (0.16)	-0.004 (0.01)
Republican	-0.37* (0.02)	-0.15 (0.29)	0.01 (0.02)
Electoral Margin	-0.01 (0.001)	0.005* (0.002)	-0.0002 (0.00008)
Business Share of Contributions Last Cycle	-0.87* (0.35)		
ALEC Bill Reliance		0.09 (0.09)	-0.02 (0.01)
State Fixed Effects	YES	YES	YES
N	144	346	351

Notes: Unit of analysis is legislators. Fractional logit results for (1) and (2); OLS results for (3). * indicates that coefficient is statistically significant at $p < 0.10$.

Explaining Legislative Reliance on ALEC, 2011

	Outcome is Share of Introduced or Authored ALEC Model Bills	
Committee Leadership Roles	-0.22*	0.15
	(0.02)	(0.17)
Legislative Conservatism	1.28*	1.41*
	(0.07)	(0.08)
Republican	1.59*	1.64*
	(0.22)	(0.15)
Electoral Margin	-0.002*	-0.002
	(0.001)	(0.001)
Committee Leadership Roles * Conservatism		-0.41*
		(0.17)
State Fixed Effects	YES	YES
N	384	384

Notes: Unit of analysis is state legislators. Outcome is the share of a legislator's authored or introduced bills that originated from ALEC model text (ranges from 0 to 1). Fractional logit regression results. * indicates that coefficient is statistically significant at $p < 0.05$. Standard errors clustered by state.

Explaining the Authorship and Introduction of Privatizing Bills, 2011

	Outcome is Introduced Or Authored Privatizing ALEC Model Bill
Committee Leadership Roles	-0.19 (0.16)
Legislative Conservatism	1.63* (0.33)
Republican	1.17 (0.74)
Electoral Margin	-0.002 (0.004)
Private Contracting Employment Share of District	13.05* (2.97)
State Fixed Effects	YES
N	288

Notes: Unit of analysis is state legislators. Outcome is having authored, introduced, or sponsored an ALEC model bill privatizing state services (0 if no, 1 if yes). Logistic regression results. * indicates that coefficient is statistically significant at $p < 0.05$. Standard errors clustered by state.

How Constituent Public Attitudes Shape The Relationship Between Policy Capacity and ALEC Bill Reliance, 2011

	Outcome is Share of Introduced or Authored ALEC Model Bills
Committee Leadership Roles	-0.11 (0.09)
Legislative Conservatism	1.38* (0.03)
Republican	1.77* (0.35)
District Conservatism	-1.08 (0.59)
Electoral Margin	-0.002* (0.001)
Committee Leadership Roles * District Conservatism	0.44* (0.14)
State Fixed Effects	YES
N	283

Notes: Unit of analysis is state legislators. Outcome is the share of a legislator's authored or introduced bills that originated from ALEC model text (ranges from 0 to 1). Fractional logit regression results. * indicates that coefficient is statistically significant at $p < 0.05$. Standard errors clustered by state.

CHAPTER 4 METHODOLOGICAL APPENDIX

Estimating State-Level Public Attitudes Towards Public Sector Collective Bargaining in 2011

To analyze the role of public opinion and troika advocacy in the 2011 efforts to restrict public sector union bargaining rights, I proceeded in three steps. First, I estimated state-by-state public attitudes towards collective bargaining in the public sector using multi-level regression and post-stratification (MRP). MRP has been successfully applied to studies estimating a range of state policy attitudes, including gay rights and support for health reform (Kastellec et al. 2010).

To do this, I searched the Roper Center for Public Opinion Research database for nationally representative surveys that included at least one question about respondents' attitudes towards the right of public sector workers to collectively bargain with state governments. In all, I identified four such surveys fielded on nationally representative samples of adult Americans between February and March of 2011. There were 4,007 valid responses to public sector union questions in the merged dataset. The surveys and questions are summarized in the table below. The main variable of interest is a binary indicator if a survey respondent expressed a desire to eliminate the right of public sector labor unions to bargain collectively with state governments.

Date	Survey	Size	Question text
Feb-11	NBC/WSJ	1,000	Support for: Eliminate public employees' right to collectively bargain over health care, pensions and other benefits when negotiating a union contract.
Feb-11	CBS/NYT	984	Do you favor or oppose taking away some of the collective bargaining rights of these unions? (If Favor/Oppose, ask:) Do you favor/oppose that strongly or somewhat?
Feb-11	Gallup/USA	1,000	As you may know, one way the legislature in Wisconsin is seeking to reduce its budget deficit is by passing a bill that would take away some of the collective bargaining rights of most public unions, including the state teachers' union. Would you favor or oppose such a bill in your state?
Mar-11	Gallup	1,027	As you may know, Wisconsin and other states have been in the news because of disputes between the governors and state employee labor unions over collective bargaining policies and the state's budget. In states where there are such disputes, would you say you agree more with?

Pooling the four polls together, I then modeled public opinion about public sector labor unions as a function of various individual and state level characteristics. I then weighted each type of respondent (varying across the individual and state predictors) by the known shares of each respondent type from Census data.

For the individual model I estimated public sector union attitudes as a function of respondent income, education, race, Hispanic ethnicity, race, age, sex, union membership, state, and state-by-income groups. I also included Obama's 2008 vote share and public union density as state-level predictors. The table below shows the first-stage regression results, fitted in R with lmer. The proportion of adults supporting restricting the ability of public sector unions to bargain with the state ranged from 31% to 46%, with a median and mean of 40%.

Random Effects		
	Variance	**Std. Dev.**
Income State Groups	0.0000	0.0001
State	0.01	0.11
Region	0.00	0.00
Age Race Groups	0.12	0.35
Income	0.17	0.41
Education	0.01	0.11
Race	0.18	0.43
Hispanic	0.02	0.15
Age	0.04	0.21
Sex	0.08	0.28
Union	0.37	0.61
Fixed Effects		
	Estimate	**Std. Error**
Obama 2008 Vote Share	-0.025	0.009
Public Union Density	0.007	0.004

Public Sector Collective Bargaining Cutbacks in 2011 Analysis

Below, I show the logistic regression results reported in the main text testing the relationship between the right-wing strength and coordination indicator and the passage of legislative cuts to public sector bargaining in 2011. Model 1 includes no controls; Model 2 adds other state characteristics.

Outcome is Passage of Bills Cutting Public Sector Bargaining		
	Model 1	**Model 2**
Right-Wing Network Strength and Coordination	3.62***	3.55**
	(1.37)	(1.57)
Public Support for Collective Bargaining Cuts		-0.12
		(0.21)
Democratic Control		-0.84**
		(0.41)
Private Union Membership		0.06
		(0.09)
Unemployment		-0.14
		(0.27)
Pseudo R-Squared	0.16	0.28
States	45	44

Notes: Logistic regression results. Only states with public sector bargaining going into 2011 are included in analysis. Significance levels: *** p<0.01, ** p<0.05, *** p<0.10.

Public Sector Collective Bargaining Cutbacks in 2011, Legislator-Level Analysis

Below, I show the logistic regression results reported in the main text testing the relationship between right-wing network participation (ranging from 0 to 2) and legislator votes on public sector bargaining legislation in 2011.

Outcome is Legislator Voting in Favor of Final Passage of Cuts to Public Sector Collective Bargaining Rights	**Model 1**
Right-Wing Network Participation	0.88***
	(0.25)
Democrat	-0.53
	(0.82)
Legislative Conservatism	2.85***
	(0.91)
Share of District Employed in Public Sector	0.81
	(3.64)
State Fixed Effects	Y
Pseudo R-Squared	0.61
Legislators	1,307
States	9

Notes: Logistic regression results. Significance levels: *** *p*<0.01, ** *p*<0.05, *** *p*<0.10. Standard errors clustered by state.

Medicaid Expansion Analysis, 2013-2015

Below, I show the logistic regression results reported in the main text testing the relationship between the right-wing strength and coordination indicator and Medicaid expansion decisions in 2013-2015. Model 1 includes no controls; Model 2 adds other state characteristics.

Outcome is Expansion of Medicaid as part of ACA in 2013 to 2015		
	Model 1	**Model 2**
Right-Wing Network Strength and Coordination	-7.12***	-4.54*
	(2.22)	(2.56)
Public Support for Medicaid Expansion		-0.02
		(0.06)
Cumulative Democratic Control, 2013-15		0.53**
		(0.23)
Medicaid Eligibility Generosity		-0.82
		(0.29)
Pseudo R-Squared	0.25	0.38
States	45	45

Notes: Logistic regression results. Only states that had yet to expand Medicaid in 2013 are included. Significance levels: *** p<0.01, ** p<0.05, *** p<0.10.

SPN-ALEC Coordination Analysis, 2006-2015

Below, I show the OLS regression results reported in the main text testing the relationship between the receipt of SPN grants and ties to ALEC from 2006 to 2015.

Outcome is Any Tie with ALEC Between 2006 and 2015	**Model 1**	**Model 2**
Any SPN National Office Grant (2006-2014)	0.34***	
	(0.07)	
Average SPN National Office Grant (2006-2014; $1,000s)		0.01***
		(0.002)
Total News Citations (2006-2015)	0.0003**	0.0003**
	(0.00009)	(0.00009)
Average Top Compensation/Revenue (2006-2014)	-0.002	-0.01
	(0.01)	(0.01)
Average State Liberalism	0.001	0.002
	(0.002)	(0.002)
R-Squared	0.24	0.28
SPN Affiliates	82	82

Notes: OLS regression results. Only chapters that were operating during this period are included. Significance levels: *** *p*<0.01, ** *p*<0.05, *** *p*<0.10. Standard errors clustered by state.

Outcome is Number of Ties with ALEC Between 2006 and 2015	**Model 1**	**Model 2**
Any SPN National Office Grant (2006-2014)	1.04***	
	(0.23)	
Average SPN National Office Grant (2006-2014; $1,000s)		0.02**
		(0.009)
Total News Citations (2006-2015)	0.001**	0.0009*
	(0.0005)	(0.0005)
Average Top Compensation/Revenue (2006-2014)	-0.007	-0.04
	(0.04)	(0.04)
Average State Liberalism	0.0006	0.001
	(0.006)	(0.006)
R-Squared	0.20	0.18
SPN Affiliates	82	82

Notes: OLS regression results. Only chapters that were operating during this period are included. Significance levels: *** *p*<0.01, ** *p*<0.05, *** *p*<0.10. Standard errors clustered by state.

CHAPTER 6 METHODOLOGICAL APPENDIX

Explaining Corporate Membership in ALEC and SPN

The table below summarizes the ordered logistic regression results explaining firm participation in ALEC and SPN from 1990 to 2013.

	Outcome is Joining ALEC or SPN, 1990-2013
Federal Income Tax Burden	1039.93***
	(164.39)
Regulatory Burden	0.86***
	(0.26)
Logged Revenue	1.00***
	(0.14)
Sector Unionization	0.03**
	(0.01)
State Unionization	0.00
	(0.04)
State Liberalism	0.01
	(0.01)
Market Concentration	0.32
	(1.35)
State Legislative Professionalism	-2.46***
	(0.94)
East North Central	0.50
	(0.75)
East South Central	1.33*
	(0.69)
Middle Atlantic	0.40
	(0.73)
Mountain	0.53
	(0.86)
New England	-0.36
	(0.64)
Pacific	1.17*
	(0.62)
South Atlantic	0.56
	(0.46)
West North Central	0.08
	(0.93)

Notes: N=398 firms. Ordered logistic regression results. Statistical significance levels: *** p<0.01, ** p<0.05, * p<0.10.

Explaining Corporate Departures from ALEC and SPN

The table below summarizes the logistic regression results explaining firm departures from ALEC and SPN from 2010 to 2013. Sample consists of Fortune 500 firms that were either members of ALEC or SPN.

	Outcome is Left ALEC and SPN 2010-2013
Consumer-Facing Firm	1.45***
	(0.46)
Federal Income Tax Burden	-62834.18
	(63290.29)
Regulatory Burden	-1.09*
	(0.63)
Logged Revenue	0.39
	(0.31)
Sector Unionization	-0.08***
	(0.03)
State Unionization	0.08
	(0.14)
State Liberalism	0.01
	(0.02)
Market Concentration	1.04
	(1.86)
State Legislative Professionalism	-3.23
	(5.05)
Region Dummies	Y
N	100

Notes: Logistic regression results. Statistical significance levels: *** p<0.01, ** p<0.05, * p<0.10.

The Effect of Business Association Participation on Corporate Policy Stands

The table below summarizes the OLS regression results of business association board participation on corporate policy stands on regulatory issues from 2007 to 2012.

	Outcome is Any Policy Stand	*Outcome is Anti-Regulatory Policy Stand*	*Outcome is Pro-Regulatory Policy Stand*
ALEC Board Member	0.16***	0.12***	0.03
	(0.05)	(0.04)	(0.02)
US Chamber Board Member	-0.09	-0.09	-0.00
	(0.21)	(0.22)	(0.01)
Roundtable Board Member	0.23*	0.14	0.08
	(0.14)	(0.12)	(0.09)
Logged Revenue	-0.19	-0.13	-0.07*
	(0.11)	(0.11)	(0.04)
Logged Revenue Squared	0.01	0.00	0.01
	(0.01)	(0.01)	(0.00)
Market Concentration	-0.24	-0.44	0.88
	(1.29)	(1.28)	(0.67)
Market Concentration Squared	0.46	1.35	-1.36
	(1.44)	(1.30)	(0.88)
Research and Development Spending	0.15	0.12	-0.00
	(0.13)	(0.13)	(0.00)
Profits	0.15	0.12	0.00
	(0.12)	(0.12)	(0.00)
Sectoral Unionization	-0.01*	-0.01*	0.00
	(0.00)	(0.00)	(0.00)
Sectoral Financialization	1.17**	0.99**	0.07
	(0.56)	(0.49)	(0.17)
Year Fixed Effects	Y	Y	Y
CEO Fixed Effects	Y	Y	Y
Firm Fixed Effects	Y	Y	Y
R Squared	0.15	0.13	0.03
N	1,633	1,633	2,305

Notes: OLS regression results. Statistical significance levels: *** p<0.01, ** p<0.05, * p<0.10.

The Effect of Business Association Participation on Corporate Social Performance

The table below summarizes the OLS regression results of business association board participation on corporate social performance, using the MCSI ratings from 2007 to 2012. See text for more details.

	Outcome is Social Concerns	*Outcome is Net Social Concern Rating*
ALEC Board Member	2.47***	-5.17***
	(0.64)	(0.83)
Logged Revenue	1.82***	-5.06***
	(0.51)	(1.08)
Logged Revenue Squared	-0.10**	0.33***
	(0.04)	(0.08)
Market Concentration	3.32	-7.44
	(4.49)	(6.66)
Market Concentration Squared	-4.04	5.77
	(6.19)	(9.93)
Research and Development Spending	0.17***	-0.34***
	(0.04)	(0.10)
Profits	0.03**	-0.02
	(0.01)	(0.03)
Sectoral Unionization	-0.04**	0.05
	(0.02)	(0.04)
Sectoral Financialization	-0.87	5.24
	(2.07)	(3.70)
Year Fixed Effects	Y	Y
CEO Fixed Effects	Y	Y
Firm Fixed Effects	Y	Y
R Squared	0.18	0.27
N	2,306	2,306

Notes: OLS regression results. Statistical significance levels: *** p<0.01, ** p<0.05, * p<0.10.

The table below summarizes the OLS regression results of business association board participation on corporate social performance, using the MCSI ratings from 1993 to 2012. These models exclude the unionization and financialization variables to extend the series over a longer period of time.

	Outcome is Social Concerns	*Outcome is Net Social Concern Rating*
ALEC Board Member	1.89***	-3.44***
	(0.66)	(0.75)
Logged Revenue	-0.23	-3.73***
	(0.33)	(0.62)
Logged Revenue Squared	0.04*	0.24***
	(0.02)	(0.05)
Market Concentration	-0.30	-3.66*
	(1.42)	(2.05)
Market Concentration Squared	1.31	2.84
	(1.66)	(1.97)
Research and Development Spending	0.05*	-0.26***
	(0.03)	(0.06)
Profits	0.03***	-0.02
	(0.01)	(0.02)
Year Fixed Effects	Y	Y
CEO Fixed Effects	Y	Y
Firm Fixed Effects	Y	Y
R Squared	0.27	0.21
N	5,898	5,898

Notes: OLS regression results. Statistical significance levels: *** p<0.01, ** p<0.05, * p<0.10.