We Fly Congress: Market Actions as Corporate Political Activity in the U.S. Airline Industry

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Abstract

The literature on corporate political activity (CPA) generally views nonmarket actions aimed at influencing political actors (e.g., lobbying or campaign contributions) as related but separate activities from market actions. This study demonstrates how firms' core market actions (e.g., market entry or geographic expansion) can function as CPA—"pork" and "perk." We document these mechanisms through an empirical analysis of data from the U.S. airline industry over 30 years (1990-2019). Specifically, we find that airlines increase the supply of flights from airports in the home district of the Chair of the Transportation Committee of the U.S. House of Representatives (pork). Moreover, this increase in flight supplies is negatively associated with formal policy changes in Congress. We also find that the airlines increase the supply of flights to Washington, D.C. from the home district of the Speaker of the House and the home state of the Senate Majority Leader (perk). We contribute to the literature on CPA by demonstrating a blurred boundary between market and nonmarket actions, which may help explain firms' competitive actions that cannot be explained by market considerations alone.

“Something is broken, and the obvious divide between passengers and airlines needs to be addressed.”

- Rep. Bill Shuster (R-PA), Chair of the Committee on Transportation and Infrastructure of the U.S. House of Representatives

INTRODUCTION

In 2012, United Airlines commenced direct flight services between Newark, New Jersey and Columbia, South Carolina. The route was reported to be unprofitable, and United struggled to fill seats (Mutzabaugh, 2015). Nevertheless, the airline continued to fly from Newark to Columbia until 2017. What explains this seemingly poor business decision?

United, like all airlines, is a heavily regulated business that relies on positive relationships with policymakers and regulators. At the time of its decision to start the Newark-Columbia route, United was applying to the Port Authority of New York and New Jersey for a new hangar lease agreement at the Newark Airport. The Chairman of the Port Authority, David Samson, happened to own a weekend vacation home in South Carolina, and the route was initiated as an apparent effort to seek favorable regulatory treatment from the Port Authority. While Samson took the flight to Columbia only 27 times between 2012 and 2017 (Levenson, 2017), United was estimated to have lost close to \$1 million on this route. Tellingly, immediately after Samson resigned in 2017, United ceased the route, which was dubbed the “Chairman’s Flight” (Voreacos, 2017).

This anecdote offers an interesting illustration of a broader phenomenon—firms using market actions as part of their *nonmarket* strategies. Although the Chairman’s Flight might be a particularly extreme case, the use of market actions in the pursuit of nonmarket strategies is increasingly common across many industries. As a perhaps more prosaic illustration, consider that the defense industry in the U.S. is known to spread its geographic footprint across all 50 states and numerous congressional districts, thereby ensuring that many legislators in Congress

have electoral incentives to support the industry (Sultan, 2017; Thompson, 2016). Amazon.com uses the locations of its distribution facilities to influence elected officials (Greene, 2019). Industry associations such as National Retail Federation, Food Marketing Institute, and American Hotel & Lodging Association publish information on employment and economic contributions of retail, hospitality, and related industries in all states and congressional districts (Bogadus, 2011). Uber is well-known for its political strategy of capitalizing on its customer base as an interest group to thwart municipal regulatory policies against its ride-sharing service (Solon, 2017; Uzunca et al., 2018; Paik et al., 2019). Ozcan and Gurses (2018) document a similar strategy by the dietary supplement industry.

Notwithstanding their seemingly widespread use as a form of political influence, market actions have largely been overlooked by existing research on corporate political activity (CPA). Instead, nonmarket actions are typically treated as peripheral activities that are related to but separated from core market actions, such as market entry, mergers and acquisitions, production expansion, or innovation (Baron, 1993; Boddewyn, 2003; Bonardi et al., 2006; Mellahi et al., 2016). Consequently, existing research offers few theoretical tools to understand how firms use market actions for more direct, personal influence over particular policymakers. Such understanding is critical not only for fully understanding firms' political strategies, but also for explaining various market actions (like the Chairman's Flight) that cannot be accounted for by strategic or competitive considerations alone.

In this study, we propose a theoretical framework that helps explain firms' use of market actions for CPA by distinguishing two strategies—"pork" and "perk." We suggest that firms provide "pork" as an economic contribution to politicians' constituencies and offer "perks" to personally cater to the politicians' needs (as in the case of the Chairman's Flight). Pork strategies

involve firms expanding their presence (e.g. production, service operations, sales, or employment) in the districts of elected officials who hold legislative power over the industry. By expanding production or employment in particular politicians' districts, firms can create jobs and tout other economic benefits for constituents, increasing the likelihood of favorable legislative or regulatory treatment. In contrast, perk strategies involve firms increasing the supply or quality of products and services frequently used by the targeted lawmakers. Doing so may improve the effectiveness of politicians' legislative work or constituency services and enhance the convenience in their use of the important products or services. Consequently, such perks may improve politicians' psychological perception of the firms (Cialdini, 2007), increasing the likelihood of favorable legislation. Perks may also function as an in-kind "obfuscated exchange" (Rossman, 2014; Schilke and Rossman, 2018), potentially offering direct economic benefits for the targeted politicians while (at least potentially) avoiding the appearance of bribery.

We use this framework to analyze data from the U.S. airline industry over 30 years (1990-2019). This setting is ideal for our empirical investigation for several reasons. First, the airline industry is heavily regulated, and Congress in particular plays a pivotal role in shaping transportation policies and consequently industry profitability (Holburn and Vanden Bergh, 2008; Sawant, 2012). For instance, Congress oversees the Federal Aviation Administration (FAA), which regulates almost all aspects of flight operations, and further enacts regulatory policies in energy, labor, and other matters that significantly impact the industry. Second, the airline industry has a large geographic footprint across all 50 states and virtually all congressional districts. Members of Congress are frequent flyers, travelling regularly between their home districts and Washington, D.C. Finally, the airline industry is attractive for data considerations. Specifically, we are able to obtain operational data on passenger and freight

flights from the U.S. Bureau of Transportation Statistics (BTS), from which we build a large-scale panel dataset in 1990-2019 with more than 350,000 observations.

Consistent with our pork hypotheses, we find that the appointment of a legislator as the Chair of the Transportation Committee in the House of Representatives is associated with a 24% increase in the number of departures from the airports in his/her home district (pork). Following this appointment, we also observe an increase in both the number of seats in passenger flights and the volume of freight. We find a similar effect for the Speaker of the House, but with a weaker magnitude than for the Transportation Committee Chair. The impact of the House Transportation Committee Chair is stronger than that of their counterpart in the Senate as well. Supporting our perk hypothesis, we find an increase in both the number of flights and seats to the airports in the Washington D.C. area (Reagan, Dulles, and Baltimore) from the home district of the Speaker of the House and from the home state of the Senate Majority Leader. This effect for the Speaker of the House is stronger than for the Senate Majority Leader and the House Transportation Committee Chair. Our results also indicate that these pork and perk strategies are accompanied by a significant decrease in flight fares, illustrating that airlines seem to execute these strategies at the expense of profitability. Finally, we further provide suggestive evidence that market actions in the airline industry are associated with policy inactions in the House of Representatives—when there is greater air traffic from the home district of the House Transportation Committee Chair, aviation bills are less likely to pass in the chamber.

We contribute to the CPA literature by presenting a new effort to blur the line between market actions and CPA. We offer quantitative empirical evidence in line with the idea of Funk and Hirschman (2014, 2017) that firms use market actions to influence decisions in political environments. Further, we identify two new forms of market actions as CPA—pork and perk.

Our framework fills a critical gap in the management literature by offering a deeper understanding of firms' market actions that might not be the most optimal from purely strategic or market perspectives. Therefore, our study adds an important dimension in interpreting firms' strategic behaviors that is missing in the literature. This study also contributes to the literature by responding to the call by Funk and Hirschman (2017) for further research on the impact of market actions on formal policy changes. Our analysis, however, seems to provide a rather different insight; market actions are more likely associated with policy *inactions*, rather than with formal policy changes.

THEORETICAL DEVELOPMENT

Political scientists have long established that reelection is among the most powerful political motivators (Beniers and Dur, 2007; Glazer et al., 1998; Kroszner and Stratmann 1998; Muller, 2007). In the U.S., the fate of politicians' careers is intimately connected with the economic well-being of their constituents (Grossman and Helpman, 1994; Nezi, 2012; Pacek and Radcliff, 1995; Shah et al., 1999). Voters expect their representatives to serve their economic interests by protecting their employment and improving their income or finances. Business owners want their politicians to help them by improving business conditions (Gropper et al., 2013). This is why politicians routinely tout their efforts to bring jobs to their districts and expand economic opportunities. Perhaps unsurprisingly, virtually all politicians claim that they are job creators (Davidson, 2011; Schmidt, 2018; Sepeda-Miller 2018), a reason why factory floors are a frequent place for campaign events (Demola, 2018; Krehbiel, 2015). Influential legislators use their appropriation powers to bring government spending home to their districts, an act that is frequently criticized as "pork barrel politics" (Stein and Bickers, 1994; Stratmann and Baur, 2002). Voters hold politicians responsible for economic hardships, whether or not their

policies caused the problem; studies in political science finds that in economic downturns, it is more challenging for incumbents to get reelected than in economic upturns (Nezi, 2012; Pacek and Radcliff, 1995).

Firms can exploit politicians' desire to claim economic contributions to their districts. When firms decide whether to enter a new market or expand geographically, they can strategically target politicians' districts to gain influence from them. For example, firms may establish or expand their presence in the home districts of powerful political decision makers—such as legislative chamber leaders or committee chairs—by opening up new factories, facilities (e.g. warehouses, R&D centers), and physical stores or by building up a local network of suppliers or franchisees. Such expansion of facilities, stores, franchisees, or suppliers also leads to an increase in employment of voters in the politicians' districts. Consequently, legislators can claim credit from their constituents for bringing employment and production to their districts and use it as a campaign message in the next election. In return, firms expect preferential treatment in policy and legislation.

Pursuit of this “pork” strategy is possible in settings where individual legislators are elected from geographically exclusive districts. In the U.S., for example, members of Congress do not represent the entire nation; they only represent constituencies in their home states or districts. Therefore, the employment and economic well-being of voters in other districts are not of their primary concerns. This aspect of the U.S. political system makes it possible for firms to expand their presence only in the districts of politicians that they wish to influence.

Once a firm establishes a geographic footprint, its employees, suppliers, and franchise holders—along with the employees of the suppliers and franchisees—become voters with an economic stake in the business, thereby sharing a common interest. Consequently, the firm can

leverage these stakeholders as an interest group to influence their elected representatives, paralleling what Hillman and Hitt (1999) characterize as a constituency-building strategy. Specifically, in order to earn their votes in the next election, their representatives are likely to introduce or support legislation that would improve the firm's bottom line. If a potentially detrimental policy proposal is introduced, the firm can mobilize its employees, suppliers, and other stakeholders in the home districts of influential legislators to oppose or block the proposal. More directly, if the lawmakers bring up a policy proposal that would undermine their profitability or competitiveness, the firm can threaten them to pull back production or employment at their districts. These possibilities create a disincentive for the lawmakers to upset the relationship with the firm (Kroszner and Stratmann, 1998); should it follow through with its threats, the targeted lawmakers' chances of reelection may be undermined.

Conventional wisdom might suggest that when it comes to market entry or geographic expansion decisions, firms take into account only economic and market considerations (e.g., the size of a potential customer base, access to materials, suppliers, or talent, and economies of scale and scope), with political considerations having little bearing. Yet, the theoretical arguments and anecdotal evidence discussed above lead us to anticipate that firms' efforts to gain political influence is also important for such decisions. Hence, we propose the following pork hypothesis.

Hypothesis 1 (Pork Hypothesis): *Firms expand their geographic presence in the home districts of legislators with more influence over the firms' industry to a greater extent than in other districts.*

In addition to providing employment and economic contributions (pork) to voters, firms may gain influence more directly by increasing the supply or quality of products or services used by target politicians. Suppose that there are certain products or services that are frequently

consumed by lawmakers. In this case, expanding the supply, lowering the price, or enhancing the quality can augment the effectiveness of the targeted politicians' legislative efforts and constituency services or make their daily lives more convenient. This improvement induces more positive perceptions of the firm and its industry by politicians. For example, since members of Congress travel frequently to their districts, airlines can increase the frequency of flights between the districts of target politicians and Washington, D.C. or offer seat upgrades or other perks. Similarly, because congressional leaders frequently travel to other destinations for fundraising or campaign events, hotels can provide them with discounts or upgrades. Financial firms can offer discounts or other preferential terms for mortgages or loans to politicians, a reason why members of Congress are required to disclose their loan obligations (Kane and Pershing, 2012). Telecommunication or Internet service providers can install or expand the infrastructures in the districts of elected officials who oversee the industry before other places; doing so not only increases employment for their electoral base but enables the providers to offer better services to the elected officials and their family members.

Given that politicians have to perform a wide variety of duties, including legislation, party affairs, constituency services, reelection campaigns, and fundraising, they are likely to particularly appreciate perks that improve convenience and save time in their day-to-day routines. Such perks help develop a favorable perception of the firm among target politicians and lead to feelings (even subconscious) of obligation for reciprocity (Cialdini, 2007). This can lead them to initiate or support policy agendas that are favored by the firm, or at least they become less likely to introduce or support legislation that undermines its competitiveness and profitability. This type of relationship can be considered a form of obfuscated exchange (Rossman, 2014; Schilke and Rossman, 2018), as an exchange of perks and policy treatments

does not occur in an explicit manner that involves a direct quid pro quo. Rather, it resembles a structure of what Schilke and Rossman (2018) categorize as a gift exchange, or a temporally separated exchange of offers (perks and policies) under an implicit expectation of reciprocity.

Studies in sociology and medicine also suggest that perks with even minuscule value may have a material impact on recipients' behaviors. The literature argues that no matter how small perks are, those who are on the receiving end often feel obligated to reciprocate (Cialdini, 2007; Goulder, 1960). Work in the medical literature finds that free gifts of *de minimis* monetary value from pharmaceutical sales representatives to doctors, such as pens, cups, free meals, and sample medications, affect their prescription patterns and patient care (Dana and Loewenstein, 2003; Fickweiler et al., 2017; Katz et al., 2003). In their review study, Brax et al. (2017) document nine empirical studies that find significant relationships between free gifts from sales reps and prescribing behaviors. Among them, Pedan and Wu (2011) find that the number of free meals is significantly associated with more prescriptions for statin brands. Lieb and Scheurich (2014) show that offering free office stationery leads to prescriptions of higher dosage. These studies further suggest that because of nominal value of the perks, the receivers do not necessarily recognize preferential treatments that they receive; they often take the perks as granted and do not feel an obligation to reciprocate. Yet, such *de minimis* perks do influence their behaviors, in an often-unconscious manner. Therefore, we argue that perks for politicians, even as a form of appreciation with minuscule monetary amount, can be an effective tool for firms to influence their decisions.

Based on these arguments, we propose the following perk hypothesis.

Hypothesis 2 (Perk Hypothesis): *Firms increase the supply of or improve the quality of their product/services frequently used by legislators with more influence over the firms' industry to a greater extent than others.*

We next examine how firms vary their pork and perk strategies for legislators with different hierarchical positions and political influence. Specifically, we theorize that firms consider how responsive legislators are likely to be to pork and perk and how costly it is to execute either strategy.

Regardless of their potential effectiveness, leveraging market actions—such as market entry and geographic expansion—as a form of political activity is potentially costly for firms. No firm has unlimited resources, and therefore when managers make decisions about allocating resources across markets or locations, they are likely to choose those where they believe they can recoup most returns. In deciding to enter to or expand production at the home districts of influential lawmakers for political considerations, a firm foregoes returns it could have earned if they had chosen a location more favorable based purely on market considerations. In other words, using geographic expansion (pork) as a political strategy could entail substantial opportunity costs. Therefore, when firms make geographic expansion decisions based on political considerations, they are likely to take a political benefit-and-cost calculation into account. We posit that this calculation depends on the influences that targeted politicians possess and the chamber of legislature that they belong to.

Political scientists emphasize that time, policy portfolios, and other resources of legislators and legislative committees are limited, a fact that contributes to intense interest group competition (Becker, 1983; Boyce, 2000; Grossman and Helpman, 1984, Kroszner and Stratmann, 1998). Baumgartner et al. (2009) state that “attention in Washington is scarce” (p.

22), and given that thousands of bills are being considered each year by Congress, one of the most difficult tasks for an interest group is to have elected officials pay attention to its issues.

We put forth that the effect in Hypothesis 1 (pork) is stronger for legislative committee chairs who have statutory jurisdiction over firms' policy interests than legislative branch leaders (e.g., the Speaker of the House or the Senate Majority Leader) (King, 1994). The branch leaders wield much more political influence than the committee chairs, and they typically dictate overall law-making processes, rules, committee assignments, and legislative schedules in the chamber (Patterson, 1989, Green, 2007). Most importantly, the branch leaders decide which bills come up for a floor vote and have unilateral power to block a legislative issue from moving forward in the chamber (Gailmard and Jenkins, 2007), leading virtually all interest groups to compete to influence the leaders. Therefore, it is less costly for firms to gain attention from committee chairs than from legislative branch leaders (Bonardi and Keim, 2005), because the former focus on narrower policy portfolios. The benefit-to-cost calculus in political strategies is likely to be more favorable for the committee chairs than for the branch leaders.

Beyond these considerations of attention, the motivations of the branch leaders may also come into play. Specifically, given their enormous political power, the branch leaders typically face few serious threats to their reelection. Consequently, relative to other members of the legislature, the leaders are less likely to be concerned with, and therefore less likely to be influenced by, the economic conditions of their home districts or states, particularly at the level that could be influenced by the geographic expansion of a single industry. In other words, the marginal returns associated with a pork strategy targeted at committee chairs are likely higher than those associated with the legislative leaders. Given firms' limited capacity to leverage

market actions as CPA, they are likely to execute the pork strategy for committee chairs to a greater extent than for legislative branch leaders.

Hence, we offer the following hypothesis.

Hypothesis 3: *Firms expand their geographic presence in the home districts of legislative committee chairs to a greater extent than in the districts of legislative branch leaders.*

We also propose that in a bicameral legislature (such as the U.S. Congress or most state legislative branches), the pork effect in Hypothesis 1 is stronger for legislative committee chairs in the lower chamber (the House of Representatives) than ones in the upper chamber (the Senate). The upper chamber usually consists of fewer lawmakers than the lower chamber, and therefore, members of the upper chamber typically represent larger districts. Thus, while each individual member of the upper chamber may hold more overall political power than one in the lower chamber (Lazarus and Steigerwalt 2009), legislative committee chairs in the lower chamber are likely to exercise more influence over a specific policy agenda than their counterparts in the upper chamber.

From the committee's perspective, because the upper chamber typically has fewer members (e.g., 100 U.S. senators and 435 representatives in the U.S. House), it also tends to have fewer legislative committees than the lower chamber.¹ Thus, the committees in the upper chamber generally oversee more executive branch agencies and cover a wider range of policy agendas. For similar reasons, the size of committees in the upper chamber also tends to be smaller. With respect to the individual lawmaker, since the upper chamber is a smaller body than

¹ As of 2019, there are 16 standing committees in the U.S. Senate, while the House of Representatives has 20 committees. A Senate standing committee consists of 21 members on average, while a House standing committee has 44 members. A member of the Senate serves at 4.3 committees on average, while a House member serves at 2.1 committees.

the lower chamber, a member of the upper chamber typically serves on more legislative committees than one in the lower chamber. Given these considerations, competition among various interest groups to influence the committee is more intense in the upper chamber than in the lower chamber (Holyoke, 2008; Salisbury, 1990).

Therefore, firms will likely find it more costly to influence committee chairs in the upper chamber than their counterparts in the lower chamber, because the former has more limited bandwidth over specific policy issues than the latter. This explains Kollman's (1997) argument that committees in the U.S. House exercise more gatekeeping and agenda-setting powers than ones in the Senate. Therefore, given firms' limited resources for political efforts, we anticipate that they optimize their pork strategy by allocating more resources and efforts toward the lower chamber committee chairs, who are likely to generate greater marginal returns for firms than the upper chamber chairs. Moreover, since an upper-chamber member has a geographically larger home district (e.g. a state) than a lower-chamber member (a congressional district), it is less costly for firms to expand their presence in the home district of the committee chair in the lower chamber. Hence, we propose the following hypothesis.

Hypothesis 4: *Firms expand their geographic presence in the home districts of legislative committee chairs in the lower chamber to a greater extent than in the districts of committee chairs in the upper chamber.*

Our final hypothesis concerns the perk strategy. Specifically, in contrast to the pork strategy, we suggest that firms are likely to utilize the perk strategy for legislative branch leaders to a greater extent than they are for legislative committee chairs. As we discussed for Hypothesis 3, the chamber leaders are likely to be less responsive to pork (geographic expansion), thanks to their greater certainty in reelection than the committee chairs. Hence, since firms do not have

unlimited resources in using pork and perk for the branch leaders, they are likely to shift their political strategy from pork to perk when targeting them.

Further support for this prediction is found when considering that legislative leaders perform a wider range of duties than committee chairs (Gailmard and Jenkins, 2007). In addition to managing legislative affairs in the chambers they oversee, the legislative leaders act as a party head (Patterson, 1989; Green, 2006, 2007) and are responsible for overseeing party affairs and devising political strategies. The branch leaders spearhead fundraising and reelection campaigns for their members in the chamber (Green, 2007); for such efforts, they frequently make visits to a number of districts and major cities all over the country. As the heads of the legislative chamber, they frequently communicate and meet with leaders of other chambers and the executive branch (Patterson, 1989).

Taken together, these considerations suggest that legislative leaders are likely to be more receptive to perks. Committee chairs would certainly be susceptible to perks as well, but we argue that given the leaders' time-pressed day-to-day activities, the marginal returns on the perk strategy for the leaders are greater than for the committee chairs. As the availability of perks for politicians is limited, firms are likely to utilize the perks for the legislative leaders to a greater extent than for the committee chairs. This discussion leads us to propose the following.

Hypothesis 5: *Firms increase the supply of or improve the quality of their product/services frequently used by legislative branch leaders to a greater extent than ones by legislative committee chairs.*

RESEARCH METHODS

Empirical Setting – The U.S. Airline Industry

We test our hypotheses with data from the U.S. airline industry. Several considerations make this a suitable setting for our empirical analyses. First, the airline industry is heavily regulated; virtually all aspects of aviation operations are dictated by various statutes enacted by Congress and regulations by the FAA and the National Transportation Safety Board. For example, FAA regulations stipulate aircraft certifications and inspections, crew management and training, dispatching, and even in-flight foods and beverages. The FAA's duties and regulatory authority are governed by Congress, which periodically reauthorizes the agency. Most recently, Congress enacted the FAA Reauthorization Act of 2018, which significantly affects the industry in a number of ways. For example, the Act bans carriers from involuntarily removing from planes passengers who have already boarded, in response to an incident at a United flight in Chicago in April 2017 (Davis, 2018). It also strengthens regulations related to flight crew rests and in-flight sexual harassment. Congress can also influence air transport agreements with foreign nations (e.g. open sky agreements), which shape competition with foreign carriers (Field, 2006). It even regulates airlines' marketing practices (Reed, 2018).

Second, the geographic footprint of the airline industry extends across all states and congressional districts in the U.S.; Airlines for America, a lobbying group, claims that the industry contributed to 7.3% of the employment and 5.1% of the U.S. gross domestic product (GDP) in 2012; the group also reports that the industry made significant state-by-state economic contributions, ranging from 1% to 19% of the state GDP. While these figures likely overstate the industry's contributions, it would be hard for members of Congress to ignore the industry.

Target Politicians in the U.S. Senate and House of Representatives

We focus on the two legislative committees—the Committee on Commerce, Science, and Transportation in the U.S. Senate and the Committee on Transportation and Infrastructure in the House of Representatives—that have the most direct power over the airline industry. In Congress, most bills related to the airline industry are considered, debated, and written by members of these committees, who typically have specialized expertise and knowledge over relevant subject matters (King, 1994; Young and Heitshusen, 2003). To be considered for a full floor vote in the Senate or the House, a bill in most cases is first approved by a legislative committee. Committee chairs wield enormous power in this process (Gropper et al., 2013; Kollman, 1997); they establish overall policy agenda in their committees, choose which legislative proposals are considered or discarded, control amendment procedures, and select who serves on subcommittees. Committee chairs also have the power to call for hearings and decide who can testify in those hearings. Hence, our theory predicts that the airline industry is likely to increase the supply of flights in the committee chairs' home district or state.

Additionally, we examine the effect of the Speaker of House and the Majority Leader of the Senate. Just as the committee chairs wield considerable power within their committees, the Speaker and the Senate Majority Leader exercise almost complete control over the overall legislative processes within their respective chambers (Green, 2007; Longley, 2019; Wallner, 2018). Therefore, the Speaker and the Senate Majority Leader hold considerable power over any bill that bears on the regulatory and competitive environment of the airline industry.

Data Sources

To test our hypotheses, we build a large-scale panel dataset on the supply of commercial flights, spanning 1990-2019. The unit of analysis is airport-month. Our primary data source is

the Air Carrier Statistics T-100 Segment Database from the Bureau of Transportation Statistics (BTS), a division of the U.S. Department of Transportation (DOT). The U.S. Code of Federal Regulation, Title 14, Part 241 requires large certified U.S. air carriers with annual revenues of more than \$20 million to file monthly T-100 reports of traffic and capacity with the BTS. These reports include data on departures, seats, passengers, and freight for each nonstop segment (origin-destination), by month, from 1990 onward. This dataset covers both domestic and international flights by the U.S. carriers.

We obtain information on committee assignments for the 101st through the 115th Congress from the Government Printing Office (GPO), which publishes the names of standing committee chairs. We supplemented these data with information from Charles Stewart's Congressional Data Page at MIT, which provides more detailed listings of committee and leadership positions. This dataset is particularly attractive because it includes information on turnover among congressional and committee leaders, which allows us to determine which members served in leadership positions for full or partial terms and the dates at which committee chairs started or resigned from their position. Finally, we use the data from the U.S. Congress to find each member's home state or district.

----- Insert Table 1 about here -----

Measures

To measure the supply of air transportation, we utilize the T-100 Segment Database from the BTS. We construct the origin airport-month level variables for the number of unique carriers, departures performed, available seats, and revenue passengers transported and the amount of freight transported in pound by aggregating them to origin airports. We use these measures for the dependent variables to test the pork hypothesis (H1, H3, and H4). Table 1 provides the

definitions of the variables. In addition, to test the perk hypothesis (H2 and H5), we count the number of departures and available seats to the three airports in the Washington, D.C., area (Washington Dulles International-IAD, Reagan National-DCA, and Baltimore Marshall International-BWI), which members of Congress frequently use for travel from/to their home districts. To address the skewedness of the measures, we take their logarithms as the dependent variables.

The supply of flights is an appropriate measure of firms' geographic footprints in the airline industry. An increase in flight frequencies leads to more employment in many ways. Directly, air carriers hire more local workers for ground operations, such as baggage handlers, freight operators, and ticket counter representatives, and so do local airport authorities. Indirectly, expansion of flight operations also leads to an increase in employment by suppliers such as fuel suppliers, caterers, or airport retail operators and by the tourism and hospitality industries such as hotels or rental car operators. Thus, airlines can serve the constituency interests of target politicians by expanding flight operations in their districts.

----- Insert Figures 1 and 2 about here-----

For our independent variables, we measure whether an origin airport is located at the home district of a member of the House and the home state of a U.S. senator. We find airports located in congressional districts of the House Transportation Committee chairs and the Speakers of the House using the following procedures. We overlay airports on a congressional district map and find those located within the geographical boundary of the district (Figures 1-2). For example, Rep. James L. Oberstar, who represented Minnesota's 12th District in 1975-2011, was the Chair of the House Transportation Committee in the 110th Congress (2007-2008). Figure 1 shows that there are six airports within his district boundary. In cases where there is no airport

within a district, we include the major airports within 15 miles of the district boundary. For example, Rep. Robert A. Roe from New Jersey's 12th District (Figure 2) served as the Transportation Committee Chair in 1991-1992. While there is no airport within his district, we designate the three nearby airports (EWR, TEB, and CDW) as his home airports, as some voters in his district could work at one of the three airports. For senators, we regard all airports located in their home states as their home airports. In this procedure, we construct the dichotomous variables for the committee chairs and the congressional leaders, which are one if an airport is located at the home district/state of a chair/leader. Since it takes time for airlines to adjust flight frequencies, we take a lag of six months for these independent variables.

Our selection of relevant control variables is informed by the prior literature. Because air transportation supply depends on demand, we control for the population and GDP of the metropolitan statistical area (MSA) in which each airport is located (Ater and Orlov, 2015). We obtain population and GDP data from the U.S. Census Bureau and the Bureau of Economic Analysis, respectively. Air traffic is also significantly affected by weather conditions. We therefore control for the average amount of precipitation, the average temperatures, and the average wind speed at each airport (Baumgarten et al., 2014; Forbes and Lederman, 2010). These data are collected from the National Center for Environmental Information (NCEI), which is a unit of the National Oceanic and Atmosphere Administration (NOAA). In addition, we include a dummy variable (Essential) that indicates whether an airport is subsidized by Essential Air Service (EAS) from the U.S. DOT. EAS provides subsidies to air carriers which operate flights from rural or remote communities such as ones in Alaska, Montana, or North Dakota, so that residents in such communities have an accessible means of transportation. This variable helps rule out the alternative explanation that committee chairs in Congress use their appropriation

power to bring more EAS subsidies to their districts and boost air traffic from their home airports.

----- Insert Table 2 and 3 about here -----

Tables 2 and 3 offer summary statistics and correlations among the variables, respectively. We test the hypotheses with OLS models that regress each of the dependent variables on the independent and control variables listed in Table 1. In addition to these control variables, our estimations include airport $\times$ month two-way fixed-effects to account for airport-level unobserved heterogeneity, which could vary by seasons. For example, airports in southern regions (e.g. Orlando, Miami) have larger traffic volume in winter, while air traffic in northern regions (e.g. Detroit, Boston) could be smaller in the same season. We also use year fixed-effects to control for nationwide economic trends that affect air transportation.

----- Insert Table 4 about here -----

RESULTS

Testing of Pork Hypotheses (H1, H3, and H4)

Table 4 presents the results of estimations to test the pork hypotheses (H1, H3, and H4). We find that an appointment of the House Transportation Committee Chair is associated with a significant increase in the number of carriers (Column 1), departures performed (Column 2), available seats (Column 3), and passengers transported (Column 4), and the amount of freight transported (Column 6) from the airports located in his/her district. One might presume that if an air carrier increases the supply of passenger flights at the Transportation Committee Chair's home district as a political strategy, it would have hard time in filling such seats. This, however, does not appear to be the case. The appointment of the House Transportation Committee Chair

also leads to an increase in load factors in passenger flights, measured by (passengers / seats) (Column 5); our supplementary analysis on flight fares below helps understand why. We also find that an appointment of the Senate Transportation Committee Chair brings an increase in supplies of air transportation from his/her home state (Columns 3 and 6). This supports Hypothesis 1 that firms use market entry (Column 1) or geographic expansion (Columns 2-4 and 6) as a political strategy for influential political decision makers who exercise jurisdictional power over the industry.

----- Insert Figure 3 and 4 about here -----

Figures 3 and 4 illustrate the effect of chair appointments on flight supply. Figure 3 shows the total number of seats in passenger flights and the freight volume from Anchorage International Airport in Alaska located in Rep. Don Young's district. During his tenure as the Chair of the House Transportation Committee in 2001-2007, the number of seats rose modestly. But strikingly, the volume of freight skyrocketed during his tenure but declined after he lost the chairmanship. We cannot observe this trend when he was appointed as a Chair of the Natural Resources Committee in 1995. Figure 4 shows the number of seats and the freight volume from Phoenix International Airport in Arizona, Sen. John McCain's home state. We find a similar trend; during his tenure in the Senate Transportation Committee, both the number of passenger seats and the volume of freight had steadily increased.

t-tests in Table 4 show that the effect of the House Committee Chair is significantly stronger than that of the Speaker of the House for all measures. The effect of the Senate Committee Chair is also stronger than that of the Senate Majority Leader for freight transportation (Column 6). This is in accordance with Hypothesis 3 that firms employ pork strategies for committee chairs to a greater extent than for branch leaders. For firms, it is more

cost-effective to direct more political resources to the committee chairs than the House Speaker and the Majority Leader, since interest group competition is less severe for the former than for the latter.

In addition, the increase in air traffic in the House Chair's home district is significantly larger than in the Senate Chair's home state, supporting Hypothesis 4. While the committee in the House is officially called "the Committee on Transportation and Infrastructure," the one in the Senate is titled "the Committee on Commerce, Science, and Transportation." This suggests that the breadth of policy agenda of the House Transportation Committee is narrower than in the Senate, indicating that interest group competition is likely more severe in the Senate, and the marginal benefits of deploying pork strategies are likely to be higher for the House. This can also be explained by the fact that it is potentially less expensive for air carriers to meaningfully expand in the congressional district of a specific member of the House than in the whole state of a senator.

----- Insert Table 5 about here -----

Testing of Perk Hypotheses (H2 and H5)

Table 5 presents estimates for the perk hypotheses. We find from Columns 1-2 that an appointment of the Speaker of the House and the Senate Majority Leader is associated with an increase in the number of both departures and seats to the Washington, D.C., area airports (IAD, DCA, and BWI) from their home district/state, respectively, lending support to Hypothesis 2. The coefficients of the Speaker of House are significantly more positive than those of the House Transportation Committee Chair, supporting Hypothesis 5. This is the case with the Senate; the coefficient of Senate Majority Leader is more positive than that of Senate Transportation Committee in Column 1. Contrary to our expectation, the coefficient of the House Transportation

Committee Chair is negative and significant. It appears that given limited resources for pork and perk, air carriers seem to direct more pork and less perks toward the House Transportation Chair. We show below, however, that airlines provide different perks for the House Transportation Chair (lower flight fares to Washington, D.C.).

One may expect that airlines are more likely to use the perk strategy (increasing flight frequencies to D.C.) for members of Congress whose districts/states are farther away from D.C. If their home districts/states are in the U.S. Northeast region, for example, they have alternative transportation modes (e.g. Amtrak trains) to travel to D.C. To confirm this, we introduce interaction terms with distance (in 100 miles) to Washington in Table 5, Columns 3-4. The coefficients of House Chair/Speaker $\times$ Distance to D.C. are positive and significant, suggesting that airlines execute the perk strategies to a greater extent for those whose congressional districts are more distant from D.C.²

This finding shows that airlines use a different political strategy for the legislative chamber leaders. The leaders such as the House Speaker and the Senate Leader have so much political power that they are unlikely to be defeated by challengers. Hence, they might be less concerned with economic conditions in their home district/state and less responsive to economic and job expansion by the air carriers than other members of Congress. Consistent with this line of reasoning, airlines seem to choose catering to these leaders more personally by increasing the frequency of flights between their home districts and Washington, D.C. Figures 5 and 6 demonstrate this trend for San Francisco Airport (Rep. Nancy Pelosi's district) and Nashville Airport in Tennessee (Sen. Bill Frist's state). These figures show that during their leadership

² The coefficients of Senate Chair/Majority Leader $\times$ Distance to D.C. in Table 5, Columns 3-4 are negative and significant. Given that there is a capacity limit in the DC area airports and airlines have a limited capacity to operate long-distance flights as well, it appears that airlines choose to cater the influential House members whose districts are distant from D.C. to a great extent than the influential Senators whose states are distant.

tenure, the number of seats to Washington, D.C. has risen faster than the number of total passenger seats at the two airports.

----- Insert Figure 5 and 6 about here -----

----- Insert Table 6 about here -----

Poisson Regressions and Economic Impacts

Since the number of carriers and departures is a count variable, we replicate the estimations in Tables 4 and 5 with fixed-effect Poisson regressions. The results in Table 6 provide similar results. The coefficients of House Transportation Chair are positive and significant in Table 6, Columns 1-2, and t-tests show that they are significantly more positive than those of the Speaker of the House and the Senate Transportation Chair. We do not find support for Hypothesis 1 with respect to the Senate Transportation Chair. Table 6, Column 3 also shows that there is an increase in the number flights to the DC airports from the state/district of the Senate Majority Leader and the Speaker of the House.

From Table 6, we calculate the economic impacts of the appointment of committee chairs and legislative leaders. The coefficient of the House Transportation Chair in Column 2 shows that his/her appointment of the chairpersonship is associated with a 24.1% increase³ in the number of departures from his/her district. Column 3 tells us that an appointment of the Senate Majority Leader and the Speaker of House leads to an 17.7% and an 11.8% increase, respectively, in the number of departures to D.C. from his/her state and district.

Additional Analyses with Tenure and Other Legislative Committee Leaders

³ $\text{Exp}(0.2158) - 1 = 0.2409$

We conduct additional analyses to further buttress our theory. If our prediction that firms use pork and perk strategies to influence powerful political decision makers is true, then we should find that firms would execute such a strategy more extensively when the political power of those decision makers is stronger.

According to the political science literature, the more years lawmakers serve in the legislature, the more political and social capital they accumulate, and therefore the more legislatively effective they become (Abram and Cooper 1968; Frantzich, 1979; Polsby et al., 1969). As politicians serve longer, they develop more institutional and social knowledge on which fellow lawmakers have interests over specific issues, whether they would support or oppose a particular policy agenda, and how to convince them to get on board. This is even more so in the U.S. Congress, where reelected members rarely move to different legislative committees (Shepsle, 1975). Hence, a member of Congress with a longer tenure, who also serves at the same legislative committee for more years, develops more policy expertise and valuable networks and accumulates more political influence within the committee. Consequently, politicians with longer tenures become more effective in policy formulation and enactment and exercise more influence over their peers (Frantzich, 1979). Thus, for firms, it is more sensible to direct political efforts and resources more towards political decision makers who have been in the legislature longer.

----- Insert Table 7 about here -----

To evaluate this prediction, we use the number of terms of the Senate/House Transportation Committee Chairs, the Senate Majority Leader, and the Speaker as independent

variables.⁴ Table 7 shows that the longer the Transportation Committee Chairs serve in Congress, the larger supply of air transportation takes place in their state/district (Columns 2-5). A greater number of carriers enter the district of the House Chair as his/her term is longer (Column 1). We observe a similar pattern for the Speaker of House (Columns 1-5). This shows that the more seniority and political power a legislator amasses, the more geographic expansion by firms takes place in his/her home district/state. In addition, the number of terms of the Senate Majority Leader and the Speaker is associated with a greater number of flights and seats to Washington, D.C. (Columns 6-7).

Likewise, we expect that firms' use of pork strategies depends on a politician's hierarchical position in a legislative committee. According to our theory, expansion is more likely to take place in the home districts of the Transportation Committee Chairs than in those of other senior members, such as ranking members and subcommittee chairs. In Congress, a committee chair position is usually held by the most senior member of the majority party (Kollman, 1997). A ranking member is the most senior member of the minority party. While he/she does not have as much power as the chair, the committee rules require that the chair consult the ranking member in committee matters. In addition, when party control changes in a chamber, the ranking member is usually elevated to the chair in the committee. We also consider the impact of the Chairs of the Subcommittees on Aviation in the Senate and the House.

----- Insert Table 8 about here -----

⁴ A member of the U.S. House serves for two years, while a U.S. senator serves for six years. For House members, we take the number of terms that they serve for as is. For example, if a representative was first elected in 2004 and reelected twice in 2006 and 2008, his/her number of terms is three in 2009. With respect to senators, for consistency in measurement with House members, if a senator serves for six years, we count his/her term as three. If he/she serves for 12 years, we count it as six.

In Table 8, we add variables for the Transportation Committee Ranking Members and the Aviation Subcommittee Chairs in the Senate and the House to the estimations. The results show that the coefficients for the Transportation Committee Ranking Members in the House and the Senate are positive and significant. But t-tests show that the effect of the House Chair is stronger than those of both the Ranking Member and the Chair of the Aviation Subcommittee. The coefficients for the Senate Committee Chair are also more positive than those for the Aviation Subcommittee Chair.

Table 8 shows, however, that the effect of the Senate Committee Chair is smaller than that of the Ranking Member. Note that the Committee Chair and the Ranking Member are the most senior members of the majority and the minority party in the committee, respectively, and often change their positions with each other when a party control flips in an election. Our dataset shows that in 1990-2019, the Senate Transportation Committee Chairs are on the committee leadership (as either the Chair or the Ranking Member) for 4.7 years on average, while the Ranking Members are on the committee leadership for 6.5 years on average, explaining the greater impact of the Ranking Member in the Senate Transportation Committee than the Chair. In the House, on the other hand, the Transportation Committee Chairs are on the committee leadership for 4.2 years on average, while the Ranking Members' average leadership tenure is 3.2 years. Hence, it appears that firms' pork strategy depends on not only a lawmaker's tenure in the legislature, as shown in Table 7, but also his/her tenure in the leadership position.

The Effects on Flight On-Time Performance and Fares

Another way for airlines to utilize market actions as a means to influence elected officials in Congress is to improve flight on-time performance (OTP), as measured by flight delays or cancellations. We can regard improvement in OTP as both perk and pork; by improving OTP of

flights from target lawmakers' home airports, airlines improve the welfare of both the lawmakers and their constituents; in addition, improving OTP requires employment of additional ground personnel from the districts. However, there is a reason to believe that a pork strategy may deteriorate OTP at the target politicians' home airports. This deterioration can occur when airlines expand flight supplies to an extent that the traffic is more congested.

We collect flight OTP data from the BTS On-Time Performance Database, which provides detailed OPT measures for all U.S. domestic passenger flights of major carriers. We built an airport-day-level panel dataset in 1990-2018, with more than 2.5 million observations. The dependent variables are the average length of departure and arrival delays in minutes in a day and the percentage of cancelled flights that are scheduled to depart from or arrive at the focal airport. We use the same independent and control variables and include airport $\times$ month $\times$ day-of-week, year $\times$ month, and day-of-month fixed-effects.

----- Insert Table 9 about here -----

Table 9 provides several interesting results. Columns 1 and 2 show that an appointment of the House Transportation Committee Chair is associated with an increase in departure and arrival delays by 3.74 and 2.14 minutes, respectively, at the airports in his/her home district. We find similar patterns with cancellations of departing and arriving flights (Columns 3-4). We see a small but statistically significant improvement in OPT at the airports located at the home state of the Senate Transportation Committee Chair. Table 4 shows that the increase in flight supplies at the home airports of the House Committee Chair is much more substantial than the Senate Committee Chair and the Majority Leader. This sizable increase in flight traffic seems to lead to a deterioration in OTP in the home district of the House Committee Chair, but not in the home states of the Senate Committee Chair and the Majority Leader.

The Effect on Flight Fares

So far, our analyses demonstrate that airlines use market actions (flight supplies) to seek political influence from the U.S. Congress. A natural question is – do airlines utilize market actions as political strategies at the expense of profitability, as illustrated by the Chairman’s Flight anecdote above? While one would need internal corporate data to measure route-by-route profitability, we utilize another dataset from the BTS to seek some answers to this question. Specifically, we obtain the Airline Origin and Destination Survey database from the BTS, which provides fare information of 10% sample tickets of all domestic flights on a quarterly basis from 1993. We calculate average fares of departing and arriving flights at each airport-quarter as dependent variables and regress them on the covariates in Table 1 along with airport-quarter and year fixed-effects. The average fares are measured in 2012 dollar using a price deflator.

----- Insert Table 10 about here -----

Table 10 offers the estimation results. Columns 1 and 2 show that flight fares decrease by \$18-\$22 at the airports located in the home district of the House Transportation Chair. This is likely because airlines increase flight frequencies from these airports so much (Table 4, Columns 2-3) that they are forced to lower their fares in order to fill these seats. These fare reductions seem to explain the increase in load factor at these airports (Table 4, Column 5). We also find from Columns 1 and 2 that fares decrease by \$7-\$9 in the state of the Senate Majority Leader. This result provides suggestive evidence that airlines appear to be willing to sacrifice their economic gains for political gains.

In Table 10, Columns 3-6, we measure the impact on fares of flights from/to Washington, D.C and find that fares from/to D.C. decrease significantly at the home state/district of the

Senate/House Transportation Chair and the Senate Majority Leader. Table 5, Columns 1 and 2 show that there is not a significant increase in the number of flights to D.C. from the state/district of the Senate/House Transportation Chair, but it appears that airlines try to appease them differently by lowering the ticket prices from their home state/district to D.C. (Table 10, Columns 3-4). Fares between D.C. and the district of the House Transportation Chair decrease by as much as \$48-\$67. As in Table 5, we interact the key variables with the distance to D.C., and Table 10, Columns 5 and 6 show that the farther the home districts of the Speaker of the House and the Transportation Committee Chair are, the lower fares become to D.C. This finding can be explained by Table 5, Columns 3 and 4.

THE EFFECT OF MARKET ACTIONS ON FOMAL POLICY CHANGES

Thus far, our results suggest that firms in the airline industry use market actions in ways that are consistent with efforts to influence key political decision makers in Congress. What is less clear, however, is whether these efforts have any bearing on actual political or policy outcomes. To explore this possibility, we examine the relationship between the supply of flights in the home district of the House Transportation Chair and legislative outcomes in the House. Note that the majority of bills introduced by House members do not make it to the President's desk; for perspective, between 1991 and 2015, only 4% of the House bills were eventually signed by the President. Most bills die in the legislative process, during which a committee chair plays a gatekeeping role. We therefore examine how the supply of flights in the district of the Chair of the House Transportation Committee affects the likelihood of progress of a bill that potentially affects the aviation industry.

We obtain the records of bills proposed in the U.S. Congress in 1991-2015 from the Congressional Bills Project. This project categorizes bills using the topic coding system of the

Comparative Agendas Project; example topics include “nuclear policy” or “small business.”

According to this categorization, in 1991-2015, 616 bills with an “aviation” topic were proposed in the House, including, for instance, the Century of Aviation Reauthorization Act in the 108th Congress (H.R. 2115) and the Aviation Safety Enhancement Act of 2008 in the 110th Congress (H.R. 6493). Among these 616 aviation bills, 14% of them were passed in the House, and 7% of them were enacted into laws.

With these data in hand, we regress aviation bill outcomes on the number of flights in the home districts of the Chair and the Ranking Member of the House Transportation Committee. Specifically, the dependent variables are dummies indicating whether a focal bill is reported by the Transportation Committee to the full House floor, passed by the House, or enacted into law. The independent variables are the log-transformed number of departures from the airports in the home districts of the Chair and the Ranking Member in the same month the focal bill is introduced. We use logit regressions for estimations. As we explain above, committee chairs are gatekeepers in this process in the sense that they decide whether or not to consider a proposed bill in their committees and whether to report the bill to the House floor for a full vote. Importantly, they have a prerogative not to pick up a bill for consideration and not to report it to the Speaker of the House.

Table 11 presents the results. We find that the coefficient for the number of departures from the Transportation Committee Chair’s district is negative and significant in Columns 1-2 and marginally significant in Column 3. In other words, when there are more frequent departures from airports in the Chair’s home district, an aviation bill is less likely to advance in the legislative process. Table 11, Columns 2-3 indicate similar effects with respect to the Ranking Member of the Transportation Committee. This finding appears to indicate that when there is

more flight supply from his/her district, the Chair plays a gatekeeper role to a greater extent. Here, we caution that the dataset is too small for us to conclusively claim for the effect of market actions on policy changes, and Table 11, Columns 1-3 rather suggest a correlation between market actions and legislative outcomes. Still, our finding seems to demonstrate that airlines' pork strategies are associated with policy "inactions" rather than formal policy changes, the latter of which could be often costly for firms to adjust to, regardless of the nature of policy.

----- Insert Table 11 about here -----

The implications from Table 11, Columns 1-3 are somewhat limited, in that they do not offer insights into the directionality of the relationship between market actions and legislative outcomes. For example, it may be that the Chair—who is influenced by more pork strategies—is more likely to kill a bill that could negatively affect the industry and advance one that would promote it. To explore this possibility, we identify the aviation bills whose title contains "safe" (safe or safety), "passenger", or "competiti" (competition or competitive). We conjecture that a bill that aims to enhance air travel safety, to protect passenger rights, or to improve competition is likely to be less favored by the airline industry. The estimations in Table 11 control for dummy variables that indicate whether a bill title contains "safe," "passenger," or "competiti." Column 1 demonstrates that an aviation bill with a title that contains "passenger" is less likely to be reported to the full House (e.g. the First Bag Flies Free Act in the 111th Congress, H.R. 4077).

In Table 11, Columns 4-6, we interact these dummies with the Chair and the Ranking Member variables. The results show that the negative relationship between flight supply at the Chair's district and a bill's passage is stronger for "passenger" bills. In other words, the Chair, influenced by pork strategies, appears to become a more active gatekeeper for bills that concern passengers. Interestingly, this association becomes weaker for bills related to competition.

However, closer inspection reveals that some aviation bills in the House that are seemingly related to competition in fact aim to promote the industry's profitability. For example, H.R. 904 in the 103rd Congress established "the National Commission to Ensure a Strong Competitive Airline Industry," whose goal is "the revitalization of one of our country's most important industries, ... the aircraft manufacturers and carriers." H.R. 5380 in the 109th Congress, which amends the International Air Transportation Competition Act of 1979, limits the operation of foreign carriers in several states.

In summary, the results in Table 11 illustrate the possibility that firms use market actions to either stall or accelerate formal policy changes in their favor, depending on the nature of policies. Once again, however, we note that this is preliminary evidence, and future research is warranted to fully understand the relationship between market actions and formal policy changes and demonstrate whether market actions by firms result in policy changes supportive to the firms.

DISCUSSION AND CONCLUSION

Corporate political activity (CPA) is an important component of overall firm strategy (Holburn and Vanden Bergh, 2008; Oliver and Holzinger, 2008), and the ability to devise and execute CPA competently is considered a valuable, inimitable resource for securing competitive advantage (Bagley, 2008; Mellahi et al., 2016; Sun et al., 2012). CPA plays a central role in corporate strategy because politics, public policies, and regulations can reshape many aspects of market conditions, such as barriers to entry, intensity in rivalry, labor relations, or technology development (Hillman and Hitt, 1999; Bonardi et al. 2005). Senior managers are expected not only to anticipate and respond to changes in political and regulatory environments (Dorobantu et

al., 2017; Holburn and Vanden Bergh, 2008), but also to deploy sound political strategies that proactively affect policy decisions in their favor (Hillman and Hitt, 1999).

This study contributes to the CPA literature by expanding our understanding of how firms use market actions to shape their nonmarket, political environments. These practices call for management scholars to work to overcome a tacit division in the literature between research on market and nonmarket actions. This division hampers our ability to produce a satisfactory account of the interrelationship between business and politics. Filling this gap is critical so that management scholars and political scientists can better explain how firms directly target specific politicians, political parties, or policymaking institutions. Moreover, examining market and nonmarket strategies together augments researchers' understanding of firms' *market* behaviors that cannot otherwise be explained by market considerations alone.

In this study, we expand existing CPA literature by theorizing how and empirically demonstrating that firms use market actions to influence political decision makers. To the best of our knowledge, ours is the first study to provide quantitative empirical evidence on how firms deploy market actions for CPA, how they choose strategies to target different legislators, and how these strategies produce formal policy (in)actions (cf. Funk and Hirschman, 2017). Toward that end, we identified two types of market actions—entry or expansion in target officials' home districts (pork) and offering of core products or services as personal favors (perk). By making economic contributions to the home districts of influential politicians (pork), firms can shore up politicians' reelection chances and thus increase their likelihood of favorable treatment in return (Hillman and Hitt, 1999, Bonardi et al. 2005). In addition, firms can offer perks to lawmakers that help improve legislators' impression of the firm. We also theorized how firms make a

strategic calculus in deploying political strategies and demonstrate that firms' market actions as CPA differ by the target legislators' political hierarchy and influences.

We find that the extent to which firms use pork or perk strategies depends on legislators' leadership position and chamber membership. Drawing on a large-scale panel dataset from the U.S. airline industry, spanning 1990-2019, we find that airlines increase flight supplies, measured by flight departures, seats, and freight volume, in the home district of the Transportation Committee Chair in the U.S. House of Representative (pork), an effect that is stronger than for the Speaker of the House and their counterpart in the Senate. In addition, airlines boost the supplies of passenger flights to Washington, D.C. from the home state/district of the Senate Majority Leader and the Speaker of the House (perk). Our findings substantiate our hypothesis that firms deploy different market actions as political strategies for legislative branch leaders from committee chairs. Our analyses also suggest that these pork and perk strategies result in a cut in flight fares, likely weakening airlines' bottom line. A follow-up supplementary investigation with House bill data finds that a larger flight supply in the district of the House Transportation Chair is associated with a lower chance of passage of an aviation bill, an indicator of successful efforts to produce favorable policy inaction. Together, these findings are consistent with our hypotheses that firms strategically allocate more resources for pork or perk toward the politicians who can produce the policy outcomes most preferable to them and who are most amenable to each form of influence. In other words, firms take expected marginal returns on this strategy into consideration.

Our study takes advantage of detailed geographic data available on market offerings for a single industry but, as a result, suffers from some limitations. As we focus on a single industry (airlines), generalizability to other industries or contexts may be limited; we would expect

industries with a smaller and more concentrated geographic footprint to deploy pork and perk differently and possibly other tactics as well. Notably, although the analyses of aviation bills in the House find that market actions as CPA are related specifically to policy inactions, there might be different policy outcomes from market actions in other industries or other political environments. Within the airline context, we do not examine the use of market actions to influence policymakers who are not elected legislators, such as those in executive agencies or regulatory institutions. Additionally, other than operating more frequent flights to D.C., there might be other forms of perks for powerful legislators in the U.S. Congress. The Speaker of the House or the Senate Majority Leader, for example, travel around the country to provide political support for their members, and airlines could provide other types of perks that make their trips more convenient. Finally, we do not differentiate market actions by different firms within the airline industry. In our airport-level analyses, we implicitly assume that the airline industry would engage political activity as a collective (Dorobantu, et al. 2017; Hillman and Hitt 1999), but this assumption may blur differences in strategies for differently positioned airlines. For instance, cargo operators such as FedEx or low-cost carriers such as Southwest may have different political strategies from legacy carriers such as Delta.

As the role of market actions for CPA is a relatively new topic, we believe there are many avenues for future research to build on the findings from our study, and to address its limitations. Researchers can examine the use of pork and perk in other industries that have geographic presence across regions; examples include retail, food, hospitality, or finance industries. Further research could also examine other political contexts such as state governments in the U.S. or other national governments, including those with parliamentary systems. CPA researchers can also explore other types of market actions beyond geographic expansion, especially in the

contexts of more geographically concentrated industries. In addition, future research might examine the effect of target lawmakers' ideological inclination on market actions as CPA as well as the effect of market actions on electoral outcomes (that is, whether perk or pork are actually linked to improved reelection chances, or proxies such as fundraising). While we offer preliminary evidence on how market actions by the airline industry affect legislative outcomes, future studies will hopefully offer a more thorough analysis on the relationship between market actions and formal policy change or inaction (Funk and Hirschman, 2017). Last, scholars may explore how different firms within the same industry deploy market actions based on their competitive positions.

In conclusion, this research provides a new theoretical framework (pork and perk) for market actions as political strategies and a range of empirical evidence for airlines' use of flight supplies as pork and perk. Our subsequent analyses with on-time performance, flight fares, and legislative outcomes in the House provide further theoretical insights that suggest firms are willing to forgo market gains for nonmarket gains, and that these market actions are associated with formal policy inaction. We hope that our study can serve a catalyst for future research that explores the blurred boundaries between market and nonmarket actions.

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Table 1. Variable Definitions and Data Sources

Variables	Descriptions	Data Sources
<i><u>Dependent Variables for Pork</u></i>		
Carriers	Log(number of carriers + 1)	BTS T-100
Departures	Log(number of departures performed + 1)	Segment
Seats	Log(number of available seats + 1)	
Passengers	Log(number of passengers transported + 1)	
Freight	Log(freight transported pound + 1)	
<i><u>Dependent Variables for Perk</u></i>		
Departures to DC	Log(number of departures to DC airports + 1)	
Seats to DC	Log(number of seats to DC airports + 1)	
<i><u>Independent Variables</u></i>		
Senate Trans Chair	1 if airport in home state of senate transportation committee chair	GPO Congressional records
House Trans Chair	1 if airport in home district of house transportation committee chair	Charles Stewart's Congressional
Senate Maj Leader	1 if airport in home state of senate majority leader	Data Page
House Speaker	1 if airport in home district of speaker of house	
<i><u>Control Variables</u></i>		
Essential	1 if airport is subsidized by Essential Air Service	U.S. DOT
GDP	MSA GDP per capita (thousand \$)	BEA
Population	Log(MSA population)	U.S. Census
Precip	Average precipitation in inch	NOAA NCEI
Temp	Average temperature in F	
Wind	Average wind speed in mph	

Table 2. Summary Statistics

Variables		N	Mean	Std. Dev.	Min	Max
Carriers	(1)	354,708	0.798	1.002	0	4.700
Departures	(2)	354,708	2.608	3.036	0	10.655
Seats	(3)	354,708	4.240	4.882	0	15.504
Passengers	(4)	354,708	3.884	4.655	0	15.375
Freight	(5)	354,708	4.116	5.683	0	19.926
Departures to DC	(6)	354,708	0.459	1.478	0	7.753
Seats to DC	(7)	354,708	0.893	2.765	0	12.474
Senate Trans Chair	(8)	354,708	0.022	0.148	0	1
House Trans Chair	(9)	354,708	0.026	0.158	0	1
Senate Maj Leader	(10)	354,708	0.011	0.105	0	1
House Speaker	(11)	354,708	0.003	0.052	0	1
Essential	(12)	354,708	0.096	0.295	0	1
GDP	(13)	354,708	44.369	12.459	10.544	178.711
Population	(14)	354,708	12.818	1.319	10.360	16.827
Precip	(15)	354,708	0.091	0.077	0	1.766
Temp	(16)	354,708	54.646	19.314	-22.621	98.516
Wind	(17)	354,708	21.921	6.646	0	43.571

Table 3. Correlation Table

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	
(1)	1															
(2)	0.94	1														
(3)	0.92	0.98	1													
(4)	0.92	0.97	0.99	1												
(5)	0.89	0.87	0.82	0.83	1											
(6)	0.63	0.56	0.53	0.55	0.55	1										
(7)	0.65	0.57	0.55	0.57	0.56	0.98	1									
(8)	0.02	0.01	0.00	0.00	0.02	-0.01	-0.01	1								
(9)	0.10	0.07	0.05	0.03	0.08	-0.04	-0.05	0.31	1							
(10)	0.00	0.00	0.00	0.00	-0.01	0.02	0.02	-0.02	-0.02	1						
(11)	0.04	0.04	0.03	0.03	0.04	0.08	0.07	-0.01	-0.01	-0.01	1					
(12)	0.11	0.11	0.10	0.10	0.07	0.16	0.15	0.01	-0.03	0.01	0.04	1				
(13)	0.18	0.12	0.10	0.09	0.15	0.15	0.15	0.05	0.17	-0.02	0.02	0.00	1			
(14)	0.17	0.10	0.09	0.10	0.13	0.31	0.31	-0.03	-0.06	0.00	0.05	-0.04	0.42	1		
(15)	0.01	0.00	0.01	0.02	0.00	0.09	0.09	-0.02	-0.06	0.00	0.00	0.00	-0.05	0.07	1	
(16)	-0.01	0.00	0.00	0.02	-0.02	0.07	0.08	-0.03	-0.18	0.01	0.00	-0.01	-0.22	0.18	0.26	1
(17)	0.07	0.06	0.07	0.08	0.04	0.07	0.07	-0.03	-0.08	0.02	0.02	0.06	0.00	0.09	0.02	0.07

Table 4. Estimation Results for Pork Hypotheses (H1, H3, and H4)

Dependent Variables	Carriers	Departures	Seats	Passengers	Load Factor	Freight
	(1)	(2)	(3)	(4)	(5)	(6)
Senate Trans Chair	0.006 (0.008)	0.047+ (0.025)	0.086* (0.042)	0.055 (0.038)	-0.004* (0.002)	0.196*** (0.038)
House Trans Chair	0.492*** (0.011)	1.117*** (0.025)	1.485*** (0.038)	1.154*** (0.033)	0.037*** (0.002)	1.520*** (0.049)
Senate Maj Leader	0.011 (0.010)	0.021 (0.037)	0.015 (0.062)	-0.014 (0.054)	-0.026*** (0.005)	-0.187*** (0.052)
House Speaker	0.068*** (0.016)	0.143** (0.047)	0.106 (0.070)	0.111+ (0.057)	0.001 (0.004)	0.289** (0.090)
Essential	0.041*** (0.011)	0.124** (0.046)	0.160* (0.078)	0.200** (0.066)	-0.018*** (0.004)	0.035 (0.085)
GDP	0.002*** (0.000)	0.003* (0.002)	0.006* (0.003)	0.007** (0.002)	0.001*** (0.000)	-0.005+ (0.003)
Population	0.139*** (0.022)	0.523*** (0.079)	0.604*** (0.131)	0.592*** (0.119)	-0.022* (0.009)	1.357*** (0.149)
Precip	0.019 (0.012)	-0.073* (0.035)	-0.086 (0.062)	-0.085 (0.055)	-0.006 (0.006)	-0.179* (0.084)
Temp	0.002*** (0.000)	0.005*** (0.001)	0.006*** (0.001)	0.004*** (0.001)	0.000* (0.000)	0.007*** (0.002)
Wind	-0.003*** (0.000)	-0.009*** (0.001)	-0.009*** (0.002)	-0.006** (0.002)	0.000 (0.000)	-0.011*** (0.003)
Airport $\times$ Month FE ¹⁾	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES
Senate Trans Chair = Senate Maj Leader	0.18	0.35	0.92	1.12		33.79***
House Trans Chair = House Speaker	486.56***	339.54***	308.31***	255.59***		144.61***
House Trans Chair = Senate Trans Chair	991.29***	697.49***	451.41***	353.92***		363.61***
<i>N</i>	354,708	354,708	354,708	354,708	165,648	354,708
<i>R</i> ²	0.887	0.860	0.848	0.872	0.716	0.829
Adjusted <i>R</i> ²	0.883	0.855	0.843	0.867	0.700	0.823
<i>F</i>	241.1***	233.7***	188.4***	150.3***	39.96***	123.4***
Root MSE	0.343	1.157	1.937	1.697	0.118	2.389

*** p<0.001, ** p<0.01, * p<0.05, + p<0.1; Unit of analysis = Airport-Month

Robust standard errors clustered by airport $\times$ month are in parentheses.

The independent variables (Chair/Leader) are lagged by six months. In other words, the dependent variables in December 2001, for example, are regressed on the independent variables in June 2001. Changing these lags do not yield significantly different results.

¹⁾ This is in essence to include 12 dummy variables (Jan-Dec) for each airport. The results do not change with separate one-way fixed effects for airports and months.

Table 5. Estimation Results for Perk Hypotheses (H2 and H5)

Dependent Variables	Departures to DC	Seats to DC	Departures to DC	Seats to DC
	(1)	(2)	(3)	(4)
Senate Trans Chair	0.025 (0.017)	0.062+ (0.032)	0.150** (0.046)	0.308*** (0.087)
House Trans Chair	-0.099*** (0.011)	-0.152*** (0.022)	-0.714*** (0.114)	-1.349*** (0.212)
Senate Maj Leader	0.069*** (0.015)	0.138*** (0.026)	0.178*** (0.039)	0.416*** (0.067)
House Speaker	0.229*** (0.030)	0.393*** (0.065)	0.048 (0.051)	-0.014 (0.100)
Senate Trans Chair × Distance to DC ¹⁾			-0.008*** (0.002)	-0.016*** (0.003)
House Trans Chair × Distance to DC			0.023*** (0.004)	0.045*** (0.007)
Senate Maj Leader × Distance to DC			-0.011*** (0.003)	-0.028*** (0.005)
House Speaker × Distance to DC			0.018** (0.006)	0.040** (0.014)
Essential	0.208*** (0.026)	0.314*** (0.047)	0.204*** (0.026)	0.305*** (0.047)
GDP	0.002*** (0.001)	0.004** (0.001)	0.002** (0.001)	0.004** (0.001)
Population	0.167*** (0.042)	0.155* (0.071)	0.176*** (0.042)	0.174* (0.071)
Precip	0.112*** (0.026)	0.226*** (0.054)	0.113*** (0.026)	0.228*** (0.054)
Temp	-0.001 (0.000)	-0.000 (0.001)	-0.001* (0.000)	-0.001 (0.001)
Wind	0.004*** (0.00)	0.008*** (0.00)	0.004*** (0.00)	0.008*** (0.00)
Airport × Month FE	YES	YES	YES	YES
Year FE	YES	YES	YES	YES
Senate Maj Leader = Senate Trans Chair	4.10*	3.74+		
House Speaker = House Trans Chair	103.34***	62.12***		
House Speaker = Senate Maj Leader	22.77***	13.18***		
<i>N</i>	354,708	354,708	354,708	354,708
<i>R</i> ²	0.872	0.851	0.872	0.851
Adjusted <i>R</i> ²	0.868	0.845	0.868	0.846
<i>F</i>	28.55***	21.25***	35.64***	24.86***
Root MSE	0.538	1.087	0.537	1.086

*** p<0.001, ** p<0.01, * p<0.05, + p<0.1; Unit of analysis = Airport-Month

Robust standard errors clustered by airport × month are in parentheses.

¹⁾ Geographic distance to Washington, D.C. in 100 miles as the crow flies

Table 6. Fixed-Effects Poisson Regressions

Dependent Variables	Carriers	Departures	Departures to DC
	(1)	(2)	(3)
Senate Trans Chair	-0.122*** (0.011)	0.009 (0.007)	0.016 (0.061)
House Trans Chair	0.546*** (0.015)	0.216*** (0.017)	-0.230*** (0.060)
Senate Maj Leader	-0.012 (0.016)	0.163*** (0.035)	0.163*** (0.032)
House Speaker	-0.019 (0.018)	0.000 (0.017)	0.111*** (0.021)
Essential	-0.119*** (0.011)	-0.044*** (0.010)	-0.064** (0.025)
GDP	0.000 (0.001)	0.002* (0.001)	-0.004* (0.002)
Population	0.195*** (0.037)	0.631*** (0.058)	0.651*** (0.086)
Precip	0.032* (0.016)	-0.020 (0.021)	0.027 (0.036)
Temp	0.001*** (0.000)	0.000 (0.000)	-0.000 (0.001)
Wind	-0.002*** (0.000)	-0.001 (0.001)	0.002 (0.001)
Airport × Month FE	YES	YES	YES
Year FE	YES	YES	YES
Senate Trans Chair = Senate Maj Leader	33.68***	19.50***	4.52*
House Trans Chair = House Speaker	606.12***	86.73***	28.42***
House Trans Chair = Senate Trans Chair	917.31***	93.47***	
House Speaker = Senate Maj Leader			1.85
<i>N</i>	354,708	354,708	354,708
# of Retained Obs.	301,467	301,437	85,670
Log pseudolikelihood	-355660.78	-10714966	-1041199
Wald statistics	40146.03***	10866.39***	5133.99***

*** p<0.001, ** p<0.01, * p<0.05, + p<0.1; Unit of analysis = Airport-Month

Robust standard errors clustered by airport × month are in parentheses.

Table 7. Estimation Results with Length of Tenure of Committee Chairs and Leaders

Dependent Variables	Carriers	Departures	Seats	Passengers	Freight	Departures to DC	Seats to DC
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Senate Trans Chair Term	-0.001+	0.006***	0.010***	0.008***	0.010***	-0.000	0.001
	(0.000)	(0.001)	(0.002)	(0.002)	(0.002)	(0.001)	(0.002)
House Trans Chair Term	0.032***	0.069***	0.092***	0.071***	0.098***	-0.005***	-0.008***
	(0.001)	(0.002)	(0.002)	(0.002)	(0.003)	(0.001)	(0.001)
Senate Maj Leader Term	-0.002*	-0.003	-0.002	-0.005	-0.032***	0.004**	0.009***
	(0.001)	(0.003)	(0.006)	(0.005)	(0.004)	(0.001)	(0.003)
House Speaker Term	0.007***	0.017***	0.015*	0.015*	0.030***	0.021***	0.035***
	(0.002)	(0.005)	(0.007)	(0.006)	(0.009)	(0.003)	(0.006)
Essential	0.041***	0.120**	0.154*	0.195**	0.031	0.209***	0.316***
	(0.011)	(0.046)	(0.078)	(0.066)	(0.085)	(0.026)	(0.047)
GDP	0.002***	0.003+	0.006*	0.006**	-0.005+	0.002***	0.004***
	(0.000)	(0.002)	(0.003)	(0.002)	(0.003)	(0.001)	(0.001)
Population	0.141***	0.529***	0.609***	0.597***	1.371***	0.170***	0.160*
	(0.022)	(0.080)	(0.131)	(0.119)	(0.149)	(0.042)	(0.071)
Precip	0.019	-0.075*	-0.089	-0.087	-0.182*	0.112***	0.226***
	(0.012)	(0.035)	(0.062)	(0.055)	(0.084)	(0.026)	(0.054)
Temp	0.002***	0.005***	0.006***	0.004***	0.007***	-0.001+	-0.001
	(0.000)	(0.001)	(0.001)	(0.001)	(0.002)	(0.000)	(0.001)
Wind	-0.003***	-0.009***	-0.009***	-0.005**	-0.011***	0.004***	0.008***
	(0.000)	(0.001)	(0.002)	(0.002)	(0.003)	(0.001)	(0.001)
Airport × Month FE	YES	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES	YES
<i>N</i>	354,708	354,708	354,708	354,708	354,708	354,708	354,708
<i>R</i> ²	0.887	0.860	0.848	0.872	0.829	0.872	0.851
Adjusted <i>R</i> ²	0.883	0.855	0.843	0.867	0.823	0.868	0.845
<i>F</i>	265***	252.4***	203.4***	161.4***	138.4***	29.14***	19.86***
Root MSE	0.343	1.156	1.937	1.697	2.388	0.538	1.087

*** p<0.001, ** p<0.01, * p<0.05, + p<0.1; Unit of analysis = Airport-Month
Robust standard errors clustered by airport × month are in parentheses.

Table 8. Estimation Results for Comparisons between Committee Chairs, Ranking Members, and Subcommittee Chairs

Dependent Variables	Carriers	Departures	Seats	Passengers	Freight
	(1)	(2)	(3)	(4)	(5)
Senate Trans Chair	0.010 (0.008)	0.047+ (0.026)	0.090* (0.044)	0.054 (0.040)	0.201*** (0.040)
House Trans Chair	0.497*** (0.011)	1.139*** (0.025)	1.514*** (0.038)	1.176*** (0.033)	1.546*** (0.050)
Senate Trans Ranking	0.067*** (0.006)	0.176*** (0.019)	0.280*** (0.032)	0.193*** (0.029)	0.239*** (0.033)
House Trans Ranking	0.097*** (0.023)	0.608*** (0.097)	0.811*** (0.155)	0.656*** (0.140)	0.756*** (0.168)
Senate Avia Chair	-0.022+ (0.013)	-0.094+ (0.049)	-0.413*** (0.090)	-0.375*** (0.080)	0.274* (0.122)
House Avia Chair	-0.019 (0.022)	-0.432*** (0.080)	-0.850*** (0.155)	-0.773*** (0.142)	-0.388** (0.121)
Senate Maj Leader	0.015 (0.010)	0.029 (0.037)	0.026 (0.062)	-0.009 (0.054)	-0.174*** (0.053)
House Speaker	0.066*** (0.016)	0.135** (0.046)	0.076 (0.067)	0.085 (0.054)	0.303*** (0.091)
Essential	0.043*** (0.011)	0.127** (0.046)	0.165* (0.078)	0.204** (0.066)	0.041 (0.085)
GDP	0.002*** (0.000)	0.003+ (0.002)	0.005* (0.003)	0.006** (0.002)	-0.005+ (0.003)
Population	0.128*** (0.022)	0.493*** (0.079)	0.565*** (0.131)	0.567*** (0.119)	1.307*** (0.149)
Precip	0.021+ (0.012)	-0.065+ (0.035)	-0.067 (0.062)	-0.069 (0.055)	-0.176* (0.084)
Temp	0.002*** (0.000)	0.005*** (0.001)	0.005*** (0.001)	0.004*** (0.001)	0.007*** (0.002)
Wind	-0.003*** (0.000)	-0.010*** (0.001)	-0.010*** (0.002)	-0.006** (0.002)	-0.012*** (0.003)
Airport × Month FE	YES	YES	YES	YES	YES
Month FE	YES	YES	YES	YES	YES
Senate Trans Chair = Senate Trans Ranking	54.40***	27.10***	20.47***	13.70**	0.84
Senate Trans Chair = Senate Avia Chair	4.75*	6.66**	27.19***	24.91***	0.32
House Trans Chair = House Trans Ranking	273.20***	30.12***	20.63***	14.21***	22.03***
House Trans Chair = House Avia Chair	448.15***	356.53***	222.45***	182.90***	232.77***
<i>N</i>	354,708	354,708	354,708	354,708	354,708
<i>R</i> ²	0.887	0.860	0.848	0.872	0.830
Adjusted <i>R</i> ²	0.883	0.855	0.843	0.867	0.824
<i>F</i>	174.3	175.2	140.7	112.2	93.25
Root MSE	0.342	1.155	1.935	1.696	2.388

*** p<0.001, ** p<0.01, * p<0.05, + p<0.1; Unit of analysis = Airport-Month
Robust standard errors clustered by airport × month are in parentheses.

Table 9. The Impact on Flight On-Time Performance

Dependent Variables	Avg. Departure Delays (mins)	Avg, Arrival Delays (mins)	% of Departure Cancellation	% of Arrival Cancellation
	(1)	(2)	(3)	(4)
Senate Trans Chair	-0.594*** (0.136)	-0.737*** (0.137)	-0.338*** (0.050)	-0.371*** (0.047)
House Trans Chair	3.740*** (0.209)	2.144*** (0.188)	0.878*** (0.096)	0.940*** (0.092)
Senate Maj Leader	-0.243* (0.110)	-0.225* (0.108)	-0.074+ (0.044)	-0.000 (0.042)
House Speaker	0.969*** (0.105)	0.506*** (0.138)	0.060 (0.043)	0.099* (0.040)
Number of Flights ¹⁾	0.299*** (0.051)	0.021 (0.046)	0.018 (0.018)	0.045** (0.017)
GDP	0.014*** (0.003)	0.023*** (0.003)	0.005*** (0.001)	0.007*** (0.001)
Population	-2.391*** (0.197)	-2.733*** (0.188)	0.070 (0.072)	0.056 (0.069)
Precip	8.892*** (0.263)	9.744*** (0.258)	3.367*** (0.113)	3.241*** (0.112)
Temp	-0.152*** (0.008)	-0.186*** (0.007)	-0.087*** (0.003)	-0.078*** (0.003)
Wind	0.145*** (0.010)	0.123*** (0.010)	0.038*** (0.004)	0.036*** (0.004)
Airport × Month × Day- of-Week FE	YES	YES	YES	YES
Year × Month FE	YES	YES	YES	YES
Day-of-Month FE	YES	YES	YES	YES
<i>N</i>	2,517,948	2,515,014	2,524,150	2,521,988
<i>R</i> ²	0.0712	0.0946	0.0785	0.0734
Adjusted <i>R</i> ²	0.0597	0.0835	0.0672	0.0620
<i>F</i>	259.8***	302.7***	199.3***	190.1***
Root MSE	19.60	17.93	8.081	7.720

*** p<0.001, ** p<0.01, * p<0.05, + p<0.1; Unit of analysis = Airport-Day

Robust standard errors clustered by airport × month × day-of-week are in parentheses.

¹⁾ The total number of scheduled departing flights from the focal airport on the same date

Table 10. The Impact on Flight Fares

Dependent Variables	Average Fare (2012 \$)					
	All Departing Flights	All Arriving Flights	Flights to DC	Flights from DC	Flights to DC	Flights from DC
	(1)	(2)	(3)	(4)	(5)	(6)
Senate Trans Chair	17.196 (12.830)	14.070 (12.253)	-15.409* (6.262)	-19.758* (8.317)	-32.043*** (9.026)	-25.569+ (13.791)
House Trans Chair	-22.927* (10.500)	-18.025** (6.364)	-48.643*** (11.349)	-67.200* (31.058)	44.199*** (11.979)	50.461** (16.756)
Senate Maj Leader	-7.617* (3.819)	-9.601* (3.823)	-19.274** (5.950)	-14.175** (4.974)	3.212 (12.346)	5.421 (9.787)
House Speaker	3.159 (2.874)	4.638 (2.926)	-4.601 (5.204)	-5.116 (5.674)	13.107 (8.134)	19.278* (8.079)
Senate Trans Chair × Distance to DC					0.014* (0.006)	0.008 (0.007)
House Trans Chair × Distance to DC					-0.044*** (0.008)	-0.054** (0.020)
Senate Maj Leader × Distance to DC					-0.023 (0.016)	-0.020+ (0.012)
House Speaker × Distance to DC					-0.017** (0.006)	-0.024** (0.007)
Number of Flights	-0.001*** (0.000)	-0.001*** (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)
Essential	-10.636** (3.848)	-10.296** (3.653)	-0.145 (4.951)	-6.026 (5.010)	-0.336 (4.888)	-6.064 (4.978)
GDP	0.406* (0.190)	0.097 (0.135)	-0.101 (0.148)	0.185 (0.325)	-0.098 (0.150)	0.187 (0.326)
Population	26.087* (11.297)	35.924*** (7.838)	-17.558* (8.065)	-30.713** (11.889)	-19.015* (8.069)	-31.775** (11.686)
Precip	-0.411 (0.417)	0.009 (0.109)	-0.363* (0.170)	-0.256 (0.169)	-0.317+ (0.169)	-0.196 (0.174)
Temp	0.708 (4.318)	1.046 (3.770)	-0.192 (5.122)	-0.653 (5.412)	-0.572 (5.091)	-1.093 (5.416)
Wind	0.161 (0.178)	0.230 (0.175)	0.227 (0.214)	0.178 (0.200)	0.308 (0.212)	0.272 (0.200)
Airport × Quarter FE	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES
<i>N</i>	40,586	40,654	35,674	35,994	35,674	35,994
<i>R</i> ²	0.290	0.457	0.603	0.318	0.604	0.319
Adjusted <i>R</i> ²	0.252	0.427	0.582	0.282	0.584	0.283
<i>F</i>	6.682***	7.529***	4.395***	4.552***	5.043***	4.400***
Root MSE	106.5	69.19	78.32	156.2	78.19	156.1

*** p<0.001, ** p<0.01, * p<0.05, + p<0.1; Unit of analysis = Airport-Quarter
Robust standard errors clustered by airport × quarter are in parentheses.

Table 11. Logit Regressions for Effect of Market Actions on Policy Changes

Dependent Variables	Reported Committee	Passed in the House	Enacted into Law	Reported Committee	Passed in the House	Enacted into Law
	(1)	(2)	(3)	(4)	(5)	(6)
Log(# of departures in Chair's district)	-0.162* (0.075)	-0.260** (0.098)	-0.186+ (0.099)	-0.193** (0.066)	-0.264* (0.120)	-0.187 (0.121)
Log(# of departures in) Ranking Member's district)	-0.299 (0.307)	-0.708** (0.255)	-1.041*** (0.290)	-0.046 (0.297)	-0.677* (0.275)	-1.179*** (0.313)
Log(# of dep in Chair) × 1 = if title has "safe"				0.293 (0.352)	0.060 (0.371)	-0.341 (1.018)
Log(# of dep in Chair) × 1 = if title has "passenger"				-1.980*** (0.556)	-1.780*** (0.486)	-1.898*** (0.534)
Log(# of dep in Chair) × 1 = if title has "competiti"				0.614* (0.251)	0.392+ (0.210)	0.706** (0.217)
Log(# of dep in Ranking) × 1 = if title has "safe"				-1.292 (1.140)	0.115 (1.411)	0.872 (1.913)
Log(# of dep in Ranking) × 1 = if title has "passenger"				-0.074 (0.842)	0.850 (1.289)	1.404 (0.937)
Log(# of dep in Ranking) × 1 = if title has "competiti"				-0.323 (0.537)	0.109 (0.763)	3.684* (1.685)
# of words in bill text	0.000** (0.000)	0.000 (0.000)	0.000 (0.000)	0.000** (0.000)	0.000 (0.000)	0.000 (0.000)
# of words in bill title	0.001 (0.014)	0.024* (0.010)	0.044** (0.017)	0.001 (0.015)	0.027* (0.011)	0.051** (0.019)
1 = if title has "safe"	0.478 (0.643)	0.026 (0.723)	-0.252 (0.962)	6.485 (6.849)	-1.149 (8.246)	-3.718 (14.565)
1 = if title has "passenger"	-1.242** (0.473)	-1.700+ (0.897)	-0.920 (0.957)	8.889+ (5.242)	1.776 (8.284)	-0.347 (7.639)
1 = if title has "competiti"	-0.075 (0.598)	-0.758 (0.689)	-0.629 (1.380)	-3.529 (4.234)	-4.872 (5.215)	-30.671* (12.492)
1 = if Democrats control House	-0.481 (0.304)	0.395 (0.377)	0.253 (0.449)	-0.468 (0.308)	0.405 (0.382)	0.308 (0.496)
1 = if Democrats control Senate	0.092 (0.409)	0.289 (0.376)	0.011 (0.702)	0.230 (0.429)	0.400 (0.366)	0.210 (0.639)
1 = if Democrat President	-0.329 (0.325)	0.220 (0.417)	1.007* (0.419)	-0.359 (0.281)	0.196 (0.462)	0.973* (0.472)
# of bills in Transportation Committee	-0.002 (0.028)	-0.004 (0.028)	-0.032 (0.034)	0.002 (0.028)	-0.005 (0.026)	-0.037 (0.035)
# of cosponsors	0.008 (0.005)	0.008 (0.005)	0.005 (0.005)	0.008 (0.005)	0.007 (0.005)	0.004 (0.005)
1 = if sponsor in the majority	1.148*** (0.341)	1.091** (0.347)	0.559 (0.340)	1.103** (0.349)	1.062** (0.327)	0.547+ (0.312)
1 = if sponsor is committee chair	0.788 (0.587)	1.842** (0.594)	2.352** (0.751)	0.716 (0.574)	1.925** (0.612)	2.545*** (0.770)
Log pseudo L	-170.9	-159.9	-102	-165.8	-157.4	-97.66
Pseudo R^2	0.216	0.358	0.367	0.240	0.368	0.394
χ^2	2261***	825***	1297***	92883***	11387***	1.9×10 ⁹ ***

*** p<0.001, ** p<0.01, * p<0.05, + p<0.1; $N = 616$; Unit of analysis = Bill

Robust clustered standard errors are in parentheses.

Other control variables are omitted for brevity – whether a sponsor is the ranking member or a member of the Transportation Committee, and the gender, the term, and the DW-NOMINATE score of the sponsor.

Figure 1. Minnesota 8th District in the 110th Congress (2007-2008), the Home District of Rep. James L. Oberstar (Chair of the House Transportation Committee)

Figure 2. New Jersey 12th District in the 102nd Congress (1991-1992), the Home District of Rep. Robert A. Roe (Chair of the House Transportation Committee)

Figure 3. Number of Seats and Freight Volume from Anchorage Airport, Alaska (Rep. Young's District)

Figure 4. Number of Seats and Freight Volume from Phoenix International Airport, Arizona (Sen. McCain's State)

Figure 5. Number of Seats from San Francisco International Airport (Rep. Pelosi's District) to Washington, D.C.

Figure 6. Number of Seats from Nashville Airport, Tennessee (Sen. Frist's State) to Washington, D.C.