Bringing the Regulatory Commission Back In

Faculty Member: Ivana Katic

Proposal Description:

Bringing the Regulatory Commission Back In:
Firm-to-Government Employee Mobility as Agentic Behavior

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Project Introduction

The interdisciplinary debate surrounding the firm-government revolving door, defined as employee mobility between regulated firms and their regulators, has generally emphasized the potential of this hiring practice to skew regulatory outcomes through the capture of regulators. Revolving door has been viewed as a type of corporate political strategy, a form of strategic firm behavior, which attempts to produce more favorable conditions for firms through political means. However, focusing on the regulated firms as the sole driver of the revolving door disregards the agentic role that governments may play in the process. Much like firms, governmental entities also act in self-interested ways and need to actively manage their relationships with various stakeholders.

In this study, I specifically examine why governments might appoint individuals with directly regulated firm experience to regulatory positions. Rather than just acquiescence to pressure from firms to place their former employees on regulatory agencies, I suggest governmental actors may engage in this kind of hiring for their own agenda: in order to learn how to regulate better and to build relationships with regulated industry. Further, I am interested in what outcomes this particular appointment pattern may have for the quality of regulatory institutions and the regulations they create and enforce. Thus, to cheekily paraphrase the title of Theda Skocpol’s seminal book, I am attempting to bring the regulatory commission, and its agentic behavior, back into our academic discussions of revolving doors.

U.S. Independent Regulatory Commissions (IRCs) represent the empirical context for this study. They include agencies such as the Securities and Exchange Commission, the Federal Reserve, the Atomic Energy Commission, the Federal Communications Commission, the National Labor Relations Board etc. IRCs are designed to create and enforce regulation that is free of political influence. Each commission consists of a small number (typically around five) of presidentially-nominated, Senate-confirmed experts. IRCs are designed to promote bipartisanship, and as such, numbers of Republican and Democratic members are generally balanced on commissions. Additionally, each commission has a hierarchical structure: it is presided over by a Chair (either elected by commissioners or nominated by the President of the United States) and has supporting staff.

Student Role in the Project

In order to empirically answer my research question regarding the motivations for appointing former regulated industry people onto regulatory commissions, I need to first collect a complete history of all of the U.S. IRCs’ commissioners and their career histories. Luckily, data already exist for 17 of these agencies, including career and biographical information for every commissioner who has ever served on these bodies, from the founding of each of the commissions to the present. This existing dataset starts with the first U.S. IRC—the Interstate Commission in 1887 (and goes to present day), and includes the majority, but not all agencies, which are defined by U.S.C. 44 to be “independent
regulatory commissions.” That means that only six commissions (and about 300 commissioners) are missing from the dataset. Thus, as the first stage in this project, the student will engage in archival research, such as accessing historical issues of Who’s Who in America through an online database, and Googling articles about these commissioners in order to map out an accurate and complete biography for each of them. It’s a little bit like detective work, as you will have to figure out what jobs commissioners worked in before and after their regulatory appointments, where they went to school, how many kids they had etc. You would then enter all these variables into an Excel spreadsheet in order to complete the dataset.

Additionally, you will be tasked with researching potential sources of data on regulatory quality. Several possible ready-made datasets exist here too, that measure the quality and speed of regulations produced by individual regulatory agencies, and it would be your job to find the best measures available, with the best coverage across agencies and time.

I anticipate that this data collection effort may well take the entire summer. With the dataset complete, we will then get into the second part of the project—data cleaning and analysis. Here we would build statistical models using STATA to try to test out various motivations driving firm-to-government revolving doors, as well as their consequences for regulations. If there is mutual interest, we could continue working together into the fall on this second stage.

Finally, I wanted to highlight a couple of nice features of this project for students. Firstly, it will build a number of different research competencies, from archival work, to data coding, to econometric work. Second, the project itself is at the intersection of economic sociology, political science and economics—which may position students well for applying to interdisciplinary PhD programs, or it may simply give them skills for working in all three fields. Finally, the project will start relatively easy and build from there so I do not require students to have a high level of familiarity with statistics or STATA at the outset.

**Requisite Skills and Qualifications:**

As mentioned in the project description, the initial, first stage of the project will involve guided data collection and coding (i.e. converting qualitative data into quantitative scores to enter into Excel, not writing computer programs)—which I will easily train students for. In the second stage, which I anticipate reaching by the fall, STATA skills would be helpful. However, I am also happy to work with students and build up these skills together.

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