HARVARD | BUSINESS | SCHOOL

Political Influence and Merger Antitrust Reviews

Mihir N. Mehta
Suraj Srinivasan
Wanli Zhao

Working Paper 19-114

Political Influence and Merger Antitrust Reviews

Mihir N. Mehta
University of Michigan

Suraj Srinivasan
Harvard Business School

Wanli Zhao
Renmin University of China

Working Paper 19-114

Political Influence and Merger Antitrust Reviews*

Mihir N. Mehta *
University of Michigan

Suraj Srinivasan
Harvard University

Wanli Zhao
Renmin University of China

September 13, 2017

ABSTRACT

Antitrust regulators play a critical role in protecting market competition. We examine whether firms can use the political process to opportunistically influence antitrust reviews of corporate merger transactions. We exploit the fact that in some mergers, acquirers and/or targets are connected to powerful U.S. politicians that serve on the two congressional committees with antitrust regulator oversight. We find that merger parties with these connections receive relatively favorable antitrust review outcomes. To establish a causal link, we use plausibly exogenous shocks to firm-politician links and a falsification test. Politician incentives to influence merger antitrust review outcomes appear to be driven by lobbying, contributions, and prior business connections. In sum, our findings suggest that political interference affects the ability of antitrust regulators to provide independent recommendations about the anti-competitive effects of mergers.

Keywords: Political Economy; Antitrust; FTC; DOJ; Senate Judiciary Committee; House Judiciary Committee; Mergers and Acquisitions

JEL Codes: *D72, G34, G38, K21*

We thank workshop participants at Harvard University, University of Michigan, Massachusetts Institute of Technology, Ohio State University, Renmin University of China, University of Texas at Arlington, University of Texas at Dallas, and conference participants at the University of Chicago Stigler Center 2017 Conference on Political Economy, the 2017 Western Finance Association Annual Meeting, the 2017 China International Conference in Finance, and the City University of London 2017 CASS Mergers and Acquisitions Research Center Conference. We have also benefited from comments by Pat Akey, Anna Costello, Mara Faccio (discussant), Jiekun Huang, Christian Leuz, Stefan Lewellen, Hamid Mehran, Randall Morck, Greg Miller, Gordon Phillips (discussant), Christopher Polk, Uday Rajan, Sudi Sudarsanam (discussant), Gary Tian (discussant), Stefan Zeume, Luigi Zingales, and antitrust economists and lawyers at the U.S. Department of Justice who wish to remain anonymous. Matthew Clark, Neeraj Goyal, Brenna Moher, and Maddy Thompson provided excellent research assistance. We thank Charles Stewart III for congressional committee data and Diego Garcia and Øyvind Norli for 10-K business operations data.

*Corresponding Author. 701 Tappan Ave, Ann Arbor, MI, 48109; p: 734 936 2771; e: mnmehta@umich.edu.

Corporate mergers and acquisitions (hereafter "mergers") are one of the most important and economically significant corporate activities for firms. A recent report estimates the value of global merger and acquisition deals between 1998 and 2010 at nearly $3 trillion USD per year (J.P. Morgan M&A Global Outlook Report 2016). Commensurate with the importance of mergers, a large body of research in financial economics examines mergers.[1] Despite the breadth of research in this area, relatively little is known about how firms manage the merger antitrust review process. This is surprising because in most jurisdictions, obtaining antitrust regulatory approval is a critical hurdle that has to be overcome before any economically significant merger can be consummated. In this paper, we offer some new evidence about the merger antitrust process. Specifically, we examine whether firms can use the political process to influence merger antitrust review outcomes.

To investigate whether merger antitrust reviews are likely to be influenced by political players, we use a U.S. setting to take advantage of the fact that some acquirers and/or targets are constituents of House Representatives and Senators that sit on the two congressional committees charged with oversight of U.S. antitrust regulators: the House Judiciary Committee and the Senate Committee on the Judiciary (hereafter "*judiciary committees*"). The two government bodies responsible for antitrust regulation in the U.S. are the Federal Trade Commission (FTC) and the Department of Justice (DOJ). While we also consider alternative political channels through which firms can influence these antitrust regulators, a key advantage of our focus on acquirer and target links to politicians serving on judiciary committees is that we are able to exploit plausibly exogenous

[1] An incomplete list of studies examining the determinants of merger activity and merger premiums include Schwert (1996), Harford (1999), Maksimovic and Phillips (2001), Harford (2005), Rhodes-Kropf, Robinson, and Viswanathan (2005), Dong, Hirshleifer, Richardson, and Teoh (2006), Masulis, Wang, and Xie (2007), Malmendier and Tate (2008), Rhodes-Kropf and Robinson (2008), Aktas, de Bodt, and Roll (2010), Hoberg and Phillips (2010), Edmans, Goldstein, and Jiang (2012), Fu, Lin, and Officer (2013), Maksimovic, Phillips, and Yang (2013), Bena and Li (2014), Bereskin, Byun, Officer, and Oh (2017).
Studies examining the consequences of mergers includes Eckbo (1983), Jensen and Ruback (1983), Agrawal, Jaffe, & Mandelker (1992), Maksimovic and Phillips (2001), Fee and Thomas (2004), Moeller, Schlingemann, and Stulz (2004, 2005), Harford and Li (2007), Maksimovic, Phillips, and Prabhala (2011), Ahern (2012), Aktas, de Bodt, and Roll (2013), Custodio and Metzger (2013), Phillips and Zhdanov (2013), Dimopoulos and Sacchetto (2014), Arikan and Stulz (2016), Dimopoulos and Sacchetto (2017).

shocks to firm-politician links to offer causal evidence.

Judiciary committee members have both the ability and motivation to influence merger antitrust review outcomes. Congressional control theory argues that the relationship between Congress and regulatory agencies is a principal-agent problem and the ability of politicians to influence regulators occurs through the use of various monitoring and disciplining mechanisms (Weingast and Moran, 1983; Weingast, 1984). Under the theory, politicians can incentivize regulatory agencies (under their jurisdiction) to act in the politician's interests by threatening to reduce the agency's budgetary appropriation recommendations, by holding congressional hearings, and/or by threatening to replace the agency's leadership (Shotts and Wiseman, 2010).

Judiciary committee member efforts to influence antitrust regulators are likely to occur through unobservable back channels because politicians want to limit possible backlash if a merger results in adverse effects for their constituents such as job losses or reduced choice of goods and services. As a result, we (and other researchers) are limited in our ability to explicitly document how and when politicians influence antitrust regulators. However, an interview with a former SEC chairman provides anecdotal evidence into the nature of how politicians influence regulators.[2] Furthermore, empirical studies also provide evidence of congressional committee influence over regulators. For instance, Hunter and Nelson (1995) document that the Internal Revenue Service undertakes fewer audits in states with House Oversight Committee representation and Faith, Leavens, and Tollison (1982) and Weingast and Moran (1983) find that congressional preferences influence FTC anti-competition and collusion case selection decisions.

[2] Comments by former SEC Chairman Arthur Levitt provide an example of how congressional committee members can exert power over regulators. He says:
"[The committee members] kept the heat on me by telephone calls, by letters, by congressional hearings, and ultimately by threatening the funding of the agency by threatening its very existence. I mean, we were at that point struggling [to receive] the same compensation as other financial regulators… and certain members of this committee suggested to me that getting that pay parity was out of the question while we were proceeding with this issue. So we were really being held, well, an attempt was made to hold us captive." (http://www.pbs.org/wgbh/pages/frontline /shows/regulation/interviews/levitt.html)

Politicians serving on judiciary committees also have incentives to influence merger antitrust reviews. Capture theory (Stigler, 1971; Laffont and Tirole, 1991) suggests that politicians are motivated to influence merger antitrust reviews to the benefit of connected firms. For instance, a judiciary committee member connected to an acquirer or a target firm has incentives to ensure that the antitrust review outcome is favorable for the connected acquirer or target. Importantly, the merger party's view of 'favorable' is likely to differ based on whether the bid is friendly or hostile. In particular, a judiciary committee member connected to a target in a friendly merger has incentives to influence antitrust regulators to *accept* the merger whereas for a hostile merger, a judiciary committee member connected to a target has incentives to influence antitrust regulators to *contest* the merger.

Despite the arguments above, it is not obvious ex ante that firms can opportunistically use the political process to influence merger antitrust review outcomes. First, the merger antitrust review process is highly technical and specialist lawyers and economists at the two U.S. agencies charged with antitrust regulation, the Federal Trade Commission (FTC) and the Department of Justice (DOJ) obtain detailed confidential information from the merger parties and conduct extensive economic analyses to evaluate the competitive consequences of the merger. In contrast to the arguments posited under the congressional control theory, Lynch (2016) finds that antitrust regulator efforts to influence or block mergers in the U.S. have been steadily increasing over the past two decades.

Second, the theory of electoral competition (Mayhew, 1974; Fenno, 1978) suggests that politicians have reelection related incentives to pressure antitrust regulators to *reject* some merger proposals. Because politicians' primary objective is to get reelected, they will seek to prevent outcomes that decrease the probability of reelection success. Thus, politicians may be unwilling to support mergers that result in adverse effects for their constituencies such as job losses (e.g., Denis, 1994; Dessaint, Golubov, and Volpin, 2017) and especially for the target's employees (e.g., Conyon, Girma, Thompson, and Wright, 2001, 2002; Lehto and Böckerman, 2008) or higher prices for goods

and services because of reduced market competition (Geraldi and Shapiro, 2009). Given these competing effects, the net effect of the political process on merger antitrust outcomes is an empirical question.

Using a sample of U.S. firm mergers between 1998 and 2010, we find evidence that antitrust review outcomes are systematically more favorable for mergers involving firms that are constituents of politicians serving on judiciary committees. Furthermore, the effects of political links are most pronounced in the subset of mergers that are most likely to be contested by regulators because of possible anti-competitive concerns and are therefore more likely to benefit from political interference. In particular, when *acquirers* have judiciary committee representation, the antitrust review results in fewer regulatory obstacles and the review is completed more quickly. In contrast, when *targets* have judiciary committee representation, antitrust reviews take longer and are more likely to include regulatory obstacles. We highlight that our results are robust to the inclusion of variables that capture firm business connections with politicians and regulators and direct lobbying to antitrust regulators, suggesting that judiciary committee representation plays a distinct and complementary role to other channels in influencing antitrust regulators. Furthermore, our results also control for a number of proxies to capture the extent to which a merger will be contested by antitrust regulators because of anticompetitive concerns, including the deal value, industry concentration, expected post-merger market share, and the relative size of the merger parties.

In economic terms, a one standard deviation increase in the seniority of an acquirer's (target's) judiciary committee representation is associated with a 12.1% (8.1%) increase (decrease) in the probability that an anti-competitive merger receives an early termination decision, relative to other review outcomes, and a 4.2% decrease (2.6% increase) in the length of the merger review duration, or 5.8 days (3.6 days) respectively. There are at least two possible explanations for the relatively modest economic effect of judiciary committee representation on the duration of the antitrust review process. First, regulators do not materially reduce the scope of the antitrust review

analysis but come to a different conclusion when reviewing politically connected mergers. Second, regulators do reduce the scope of the antitrust review but delay releasing the outcome of the review to provide the impression that a thorough review has been conducted.

Next, to understand why targets with judiciary committee representation experience greater regulatory obstacles in their antitrust reviews, we exploit differences in politician incentives to influence regulators across hostile and friendly mergers. On the one hand, capture theory implies that judiciary committee members seek to ensure antitrust review outcomes help the constituent target firm realize its' preferred outcome – approve friendly mergers but attempt to block hostile mergers. On the other hand, the theory of electoral competition implies that because politicians' primary goal is to get reelected, judiciary committee members may seek to prevent *both* friendly and hostile mergers when the target is in their constituency.

The empirical results are consistent with a political capture explanation. For hostile merger targets, having powerful judiciary committee representation is associated with lengthier reviews and a higher likelihood of regulatory obstacles in the antitrust process. The results are the opposite for connected targets in friendly mergers. Powerful judiciary committee representation is associated with shorter antitrust reviews and a lower likelihood of regulatory obstacles in the antitrust process.

The results above only provide evidence of correlations between judiciary committee representation and merger antitrust outcomes. We address identification in three ways. First, we highlight that our results are robust to the inclusion of state and industry fixed effects to remove any time-invariant state or industry characteristics that could explain our results. Second, we identify a set of politician departures from judiciary committees that are plausibly exogenous. We then use a difference-in-differences framework to examine whether antitrust review outcomes are less favorable for merger parties that experience shocks to their links to judiciary committee members relative to a control sample of merger parties that do not experience any changes to their judiciary committee representation. The regression results provide support for a causal link between merger party

representation on judiciary committees and antitrust review outcomes. Third, we undertake a falsification test in which we identify politicians that serve on powerful congressional committees that have no jurisdiction over antitrust regulators. We find no statistical evidence that merger parties with political representation on one of these other committees experience favorable merger antitrust review outcomes. These findings suggest our results are unlikely to be attributable to characteristics that drive powerful political representation generally, rather than specifically because of powerful judiciary committee representation (such as some unobserved state-level effect).

An alternative explanation for our findings is an information-sharing story. Under this explanation, politicians serving on judiciary committees obtain private information about which mergers are likely to be viewed more favorably by the antitrust agencies and share this information with their constituent acquirers and/or targets. We believe this story is unlikely to explain our findings because it requires that judiciary committee members systematically have private information about hypothetical antitrust reviews. The nature of such information is unclear especially in light of the fact that antitrust regulators only thoroughly analyze mergers after the merging parties file a formal merger proposal. Furthermore, regulators request and use large amounts of confidential detailed information from the merger parties in order to conduct the antitrust review.

In our final set of analyses, we examine the mechanisms through which constituent firms involved with mergers can influence their judiciary committee representatives. We find that the change in lobbying between the year prior to the merger and the merger year by the acquirer (target) is 46% (28%) while the change in political contributions by the acquirer (target) during the same period is 10.5% (17.4%), respectively. Multivariate results indicate that lobbying, political contributions, and prior business connections with judiciary committee members are all statistically associated with favorable antitrust review outcomes.

In sum, our study provides evidence of political frictions that affect the ability of antitrust regulators to review mergers and provide independent recommendations. In addition to having

implications for understanding the effects of political oversight on regulator behavior, the findings are relevant to three streams of academic research.

First, our findings are relevant to a literature examining mergers and acquisitions. Extant work largely focuses on the determinants of mergers and the determinants of merger performance (see Betton, Eckbo, and Thorburn, 2008, and Haleblian, Devers, McNamara, Carpenter, and Davison, 2009 for detailed reviews of this literature). Our study complements this body of work by examining the merger antitrust approval process and in particular, how firms can use the political process to influence the outcome of an antitrust review.

Second, our findings are relevant to a literature in political economy that examines whether firms can use the political process to obtain economic favors,[3] and in particular studies that examine the consequences of corporate links to congressional committees. Recent studies find that links to congressional committees in the U.S. House and Senate are associated with the efficient timing of investment activities because of access to private information about tax rule changes (Wellman, 2017), fewer Internal Revenue Service audits (Hunter and Nelson, 1995; Young, Reksulak, and Shughart, 2001), higher risk-taking by banks (Kostovetsky, 2015), reduced supply of consumer credit (Akey, Heimer, and Lewellen, 2017), and protection against SEC regulatory enforcement (Mehta and Zhao, 2017). Our study contributes to prior work by examining how firms can use political links to influence merger antitrust review outcomes.

Finally, our findings are important for a literature examining anti-takeover defense mechanisms (e.g., Bagnoli, Gordon, and Lipman, 1989; Bebchuk, Coates, and Subramanian, 2002; Rauh, 2006) and a debate about whether alternative defense mechanisms such as poison pills only

[3] Studies using a US setting include Goldman, Rocholl, and So (2009), Tahoun (2014), Duchin and Sosyura (2012), Adelino and Dinc (2014), Brogaard, Denes, and Duchin (2016), Croci, Pantzalis, Park, and Petme (2016), and Brown and Huang (2017). Studies using an international setting include Johnson and Mitton (2003), Khwaja and Mian (2005), Faccio (2006), Faccio, Masulis, and McConnell (2006), Leuz and Oberholzer-Gee (2006), Claessens, Feijen, and Laeven (2008), Amore and Bennedsen (2013), Correia (2014).

serve to enhance takeover premiums but do not reduce the completion rate of takeover attempts (Comment and Schwert, 1995; Heron and Lie, 2015). We contribute to this literature by identifying a novel mechanism - relationships with politicians that serve on judiciary committees - that can be used by targets of hostile takeover attempts to help ward off unwanted suitors.

1. Merger Antitrust Background

In this section we provide institutional details about merger antitrust issues. In Subsection 1.1 we summarize the objective of U.S. merger antitrust laws. In Subsection 1.2 we outline the merger antitrust review process.

1.1 Overview of Merger Antitrust

The basic objective of antitrust regulators is to "protect competition as the most appropriate means of ensuring the efficient allocation of resources and – and thus efficient market outcomes – in free market economies" (OECD Competition Policy and Efficiency Claims in Horizontal Agreements, 1996). In evaluating mergers, antitrust regulators consider the trade-offs between the benefits for consumers include reduced costs of goods and services because of increased economies of scale for the merged entity and greater product choices because of increased innovation (Avkiran, 1999) and the costs for consumers stemming from reduced competition including higher prices, fewer choices, and reduced rates of innovation.

The principal federal competition-related legal framework governing mergers is Section 7 of the Clayton Antitrust Act of 1914 (hereafter "*Clayton Act*"). The Clayton Act sought to prevent mergers, acquisitions, or joint ventures where "the effect of such acquisition may be substantially to lessen competition, or to tend to create a monopoly" (Clayton Act Section 7, 15 U.S.C. §18). More recently, the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (hereafter "*HSR Act*") imposed further restrictions on mergers by requiring that parties seeking to undertake a merger need to file paperwork with antitrust regulators and wait for the outcome of a government review before

proceeding.

The Antitrust Division of the Department of Justice (DOJ) and the Federal Trade Commission (FTC) are charged with conducting antitrust merger reviews in the U.S. There are no requirements that the reviewing agency be disclosed, which limits our ability to exploit variation in political influence across agencies. Mergers in certain industries and cross-border mergers may also receive additional scrutiny from industry-specific and foreign regulators. For instance, bank mergers also face review from the Federal Reserve Board and communications industry mergers also face antitrust scrutiny from the Federal Communications Commission (FCC).[4]

1.2 Merger Antitrust Review Process

All proposed mergers that fit into predefined criteria are required to file a "notification of intent" with both the FTC and the DOJ.[5] FTC and DOJ staffs consult with each other and the merger case is assigned to one of the regulatory bodies review based on available resources and the industry expertise of the two agencies. The reviewing agency then has 30 days to review the filing. If the agency determines that the merger does not result in any antitrust concerns, the agency can allow the waiting period to expire or grant an "early termination" within the waiting period. Either of these events signals antitrust approval.

If the reviewing agency needs additional information to make an antitrust determination, it sends the merger parties an "Additional Request" for further information. This extends the waiting

[4] Anecdotal evidence suggests that when multiple U.S. agencies are required to review a merger, it is rare that the agencies release conflicting recommendations about the merger's antitrust effects. This is likely due to coordination across agencies for a given merger. For instance, amongst all cases reviewed by both the FCC and DOJ, the FCC has never approved a merger that has been challenged by the DOJ in court (see http://www.nytimes.com/2011/09/01/technology/us-moves-to-block-merger-between-att-and-t-mobile.html). In untabulated analyses, we find that our results are qualitatively similar after removing a subset of mergers that are reviewed by multiple regulatory agencies in addition to the DOJ or FTC.

[5] The criterion are set by the FTC and updated annually. In 2016, the threshold for filing a "notification of intent" is: 1) if an acquirer obtains greater than $78.2 million in securities and/or assets of a target and one of the merger parties has sales or assets greater than $156.3 million and the other merger party has sales or assets greater than $15.6 million; or 2) if an acquirer obtains greater than $312.6 million in securities and/or assets of a target (https://www.ftc.gov/enforcement/premerger-notification-program/current-thresholds).

period by a minimum of 30 days. Following this additional review, the reviewing agency undertakes one of three actions: 1) it closes the review and allows the merger to proceed; 2) it permits the merger conditional on the implementation of provisions designed to ensure competition is not reduced; or 3) it advises the merging firms to terminate the bid or files a preliminary injunction in federal court to stop the merger from proceeding while an administrative trial is pending. In Appendix A, we present examples of each of these three scenarios.

2. Data, Variables, and Methodology

In this section, we describe the data sources and procedure used to generate our sample (Subsection 2.1). We then outline the methodology used in empirical tests (Subsection 2.2) and discuss the construction of our key independent variable (Subsection 2.3). In Subsection 2.4, we describe proxies to measure the intensity of the demand for political influence in antitrust reviews.

2.1 Data

We obtain data on M&As from Thomson Reuters for the period from 1998 to 2010. Our sample period begins in 1998 because political contributions and lobbying data is not available before this date and ends in 2010 because of limitations in congressional committee representation data availability. We drop M&A cases in which 1) the acquirer does not obtain 100% ownership of the target following the merger; 2) either the acquirer or the target is private because of limitations on the data we can obtain for private firms; 3) the merger does not meet the minimum size threshold requirement for antitrust reviews; 4) the merger attempt is abandoned prior to the completion of an antitrust review;[6] and 5) either the acquirer or target has a non-U.S. headquarters location.[7] We also

[6] Note that it is likely that some subset of these failed merger cases occurs following private communication between merger parties and antitrust regulators in which regulators indicate they are unlikely to approve a given merger. The inability to identify such communication and thus these cases is a limitation of our study.

exclude non-merger transactions such as recapitalizations, self-tender offers, exchange offers, repurchases, minority stake purchases, acquisitions of remaining interest, or privatizations (e.g., Huang, Jiang, Lie, and Yang, 2014) as such transactions are not systematically subject to an antitrust review.

Next, we obtain politician-level data from MIT political science professor Charles Stewart III's website and link U.S. Senators to merger parties based on whether a firm is headquartered in a Senator's state and link U.S. House Representatives to merger parties based on whether the firm is headquartered in a ZIP Code that is within a Representative's congressional district.[8] We identify firm headquarters using the M&A file in Thomson Reuters rather than from Compustat, which only provides the most current (i.e., non-historical) firm location data.

A possible issue with our politician-firm link is that a firm's headquarters location may not correspond with the firm's primary place of operation and employment. This may result in an incorrect identification of the politicians that are most closely linked to the firm or most likely to face adverse electoral effects from job losses following a merger (and thus have the greatest incentives to influence the merger). To check whether our empirical results are affected by the choice of the politician-firm location link, we use data on firms' state-level operational dispersion based on the methodology in Garcia and Norli (2012). They use the number of times a state is mentioned in a firm's 10-K filing as a proxy for the relative importance of that state for the firms' operations. We find that for 88% of our sample acquirers and targets, the state of the firm's headquarters is identical to the primary state of its operations. We repeat our analyses after matching firms to judiciary committee members in the firm's primary state of operation. Our primary inferences are unchanged using this alternate approach to identify links between firm location and judiciary committee

[7] In addition, this last restriction also ensures that we exclude mergers that are subject to additional review by the Committee on Foreign Investment in the United States (CFIUS) because of national interest and security concerns. CFIUS can prohibit mergers independently of antitrust agencies (Karolyi and Liao, 2017).
[8] http://web.mit.edu/17.251/www/data_page.html

members (we tabulate these results in the Internet Appendix).

Our congressional district data are from two sources: the U.S. Census Bureau's website (www.census.gov/geo/maps-data/data/cd_state.html) and the University of Missouri's Census Data Center (http://mcdc2.missouri.edu/). The sample window covers the 105th Congress to the 111th Congress. We collect data on the duration of each politician's committee membership assignments, committee membership appointment dates and service period to determine each politician's committee-year seniority based on the number of years of committee service.

We obtain firms' political contribution data and lobbying data from the Federal Election Commission (FEC) and the Center for Responsive Politics (CRP), respectively. The FEC provides detailed political campaign contribution data for individuals, institutions, and companies. We identify contributions and lobbying by merger parties using a fuzzy match and then manually correcting mismatches. We also identify merger party lobbying efforts to antitrust agencies and to Congress.[9] Following Faccio (2006), we also identify whether a firm is connected to a politician because of the politician's prior work experience at the firm in an executive or directorial capacity. We identify these links using data from BoardEx. We merge acquirer, target, and politician data with firm-specific data from Compustat. Our final sample consists of 1,013 mergers that are subject to antitrust reviews during the sample window, representing 636 unique acquirers and 946 unique targets.

2.2 Methodology

Our primary objective is to investigate whether merger parties with political representation on judiciary committees receive favorable antitrust review outcomes relative to merger parties without such connections. We use two proxies to measure antitrust outcomes: *Outcome*, which captures the extent to which antitrust regulators impose obstacles for the merger parties; and *Duration*, which captures the length of the merger review process. We identify the final antitrust

[9] A limitation of existing lobbying disclosure rules for researchers is the inability to identify lobbying at the politician level.

review outcome and the duration of the antitrust review period by examining Factiva, EDGAR, DOJ, and FTC news releases for both acquirer and target firms.

Our first antitrust review proxy, *Outcome*, is set to a value from 1 to 4 based on the severity of the regulatory obstacles with 1 (4) being the least (most) severe antitrust outcome. More specifically, *Outcome* is set to 1 when a merger receives antitrust clearance via an Early Termination notice (479 cases); set to 2 when a merger receives an unconditional antitrust clearance but outside of the early termination window (480 cases); set to 3 if the merger receives antitrust clearance conditional on the acceptance of certain actions to mitigate anti-competition concerns (48 cases); or set to 4 if antitrust regulators file to block the proposed merger (6 cases).[10]

Our second proxy, *Duration*, is the logged number of days between the merger announcement date and the date that the antitrust decision is rendered. Lengthier reviews reduce the likelihood that the deal is approved without the imposition of conditions (such as the requirement that key assets be divested) and reduce the viability of the merger by creating uncertainty about the exchange ratio that can be affected by adverse stock price movements and delays in the integration of the operations of the merging firms (Morse, 2002).

We estimate the following models to measure the effect of congressional representation on deal outcome (Equation 1) and deal duration (Equation 2):

$$Outcome_{i,t} = \alpha + \beta_1 * Seniority_{i,t} + \beta_X * Controls_{i,t} + \xi_{i,t}. \quad (1)$$

$$Duration_{i,t} = \alpha + \beta_1 * Seniority_{i,t} + \beta_X * Controls_{i,t} + \xi_{i,t}. \quad (2)$$

[10] In sensitivity checks tabulated in the Internet Appendix, we find that our results are robust to alternative classifications of antitrust outcomes. First, we repeat our tests after combining mergers classified as 1 and 2 and mergers classified as 3 or 4. Second, we repeat our tests after removing all mergers that receive Early Termination notices because it is unlikely that political influence can cause a merger that is anti-competitive to be reviewed in under 30 days. Third, we repeat our tests after removing the most severe antitrust review cases (i.e., group 4) because it is possible that political influence may not be effective for these highly anti-competitive mergers.

We use an ordered probit regression to estimate equation (1) and OLS to estimate equation (2).[11] $Seniority_{i,t}$ represents one of three proxies to measure the strength of judiciary committee representation for the acquirer or target: *JudiciaryCom*, *JudiciaryCom_num,* or *JudiciaryCom_dum.* We discuss these measures in detail in Section 2.3.

$Controls_{i,t}$ is a vector of variables that are related to antitrust review decisions. First, we control for the possibility that the acquirer and target directly lobby the FTC/DOJ (*Lobbying_DOJFTC_acq* and *Lobbying_DOJFTC_tar* for the acquirer and target respectively) as prior work suggests lobbying government agencies affects regulatory outcomes (Correia, 2014). In addition, we control for the prior business connections between the merger parties and the DOJ/FTC (*Connect_DOJFTC_acq* and *Connect_DOJFTC_tar*). We also control for the logged dollar value of the deal size (*Value*) because large acquisitions are likely to attract greater public attention and increase the complexity of the antitrust review process. Next, we control for the market concentration of the acquirer's 3-digit SIC industry using the Herfindahl-Hirschman Index (*IndustryHHI_acq*) based on total sales, as well as the relative size of the acquirer and target (*Relative_Size*), measured as the acquirer's total assets divided by the target's total assets. In addition, we control for the combined market share of the acquirer and the target in either party's 3-digit SIC industry (*Total_MktShare*).[12] All variables are defined in Appendix B. All specifications include acquirer industry, target industry, state, and year fixed effects. Standard errors are adjusted for heteroscedasticity using a Huber-White Sandwich estimator and clustered at the acquirer state level. In untabulated sensitivity tests, we also check that our results are robust if we instead cluster at the district level.

2.3 Measures of Judiciary Committee Member Influence

[11] Greene (2002) suggests that using fixed effects with non-linear models may result in an incidental parameters problem. To ensure that our results are not sensitive to this concern, we follow the suggestion in Angrist and Pischke (2009) and check that our results are robust to using OLS. We present those results in the Internet Appendix.

[12] The market share is based on total aggregate sales of firms in the merging firms' 3-digit SIC industry. If the acquirer and the target are in different industry codes, then combined market share is unlikely to be a major antitrust consideration and we set the variable to the market share of the acquirer.

A key determinant of the value of a firm's political affiliation with politician(s) serving on a judiciary committee is the politician's seniority on the committee. Prior studies define seniority in different ways: For example, Levitt and Poterba (1999) use the most senior members of a committee to proxy for committee power whereas Cohen, Coval, and Malloy (2011) focus only on the power of committee chairpersons and ranking members. In order to allow for the possibility that multiple members of both judiciary committees can influence antitrust regulators, we use three different proxies to measure the power of an acquirer or target's judiciary committee representation.[13]

In our empirical tests, all the judiciary committee representation variables have the postfix "*_acq*" or "*_tar*" to reflect whether the measure reflects the acquirer's or target's judiciary committee representation, respectively. Our primary firm-level proxy for the power of a firm's judiciary committee representation is the aggregate years of politician service (*JudiciaryCom*). This firm-level measure is easily illustrated using an example: Foot Locker Inc. (an acquirer in 2007; NYSE: FL) is headquartered in New York's 8th congressional district. In 2007, New York had one representative on the Senate Judiciary Committee - Charles Schumer (D-NY) - who had served on the committee for nine years. New York also had two representatives on the House Judiciary Committee: Jerrold Nadler (D-NY), who was the 8th congressional district representative, and Anthony Weiner (D-NY), who was the 9th congressional district representative. Nadler and Weiner had served on the House committee for eight years and five years respectively as of 2007. The value of *JudiciaryCom_acq* applied to Foot Locker for 2007 represents the aggregate years of service for Schumer and Nadler (9 + 8 = 17). Weiner is not included in the seniority count as the firm was not in his congressional district. In order to address the possibility that the JudiciaryCom measure imperfectly captures differences in the strength of a firm's representation, we check and find that our results are robust to

[13] We aggregate a firm's Senate and House Judiciary Committee representation because we do not a priori expect different effects between the judiciary committees. In additional tests discussed below, we find that our results are similar when we use variables to separately identify Senate and House representation and that neither one has a significantly greater effect than the other.

two alternative measures of politician power. We discuss both of these measures and present regression results in the Internet Appendix.

2.4 Proxies for the Intensity of Demand for Political Influence in Antitrust Reviews

We identify merger characteristics that are likely to influence the incentives of merger parties to seek political influence over merger antitrust reviews. Our first proxy captures whether the merger is likely to be contested by antitrust regulators. Mergers that will reduce market competition and thus potentially have net negative effects for consumers in the form of higher prices or reduced innovation are likely to be contested and/or will encounter relatively more restrictions before the merger is approved, and the review process is likely to be longer relative to other mergers (DOJ Non-Horizontal Merger Guidelines). Acquirers and targets involved in anti-competitive mergers are arguably most likely to benefit from favorable political intervention into the antitrust review process. We identify anti-competitive mergers based on either of the following criteria: 1) the acquirer and target compete in the same product market as defined by Hoberg and Phillips (2010, 2016); or 2) the acquirer and target are in the top quartile of highly connected vertical industry pairs using the Ahern and Harford (2014) methodology which uses input and output activities between industries to develop a measure of vertical connectedness.[14]

We classify mergers that fit into one of these two criteria as *High Contest Risk* mergers and classify all other mergers as *Low Contest Risk*. From the merger parties' perspective, high contest risk mergers are more likely to benefit from political influence over the antitrust process but at potentially greater electoral cost for the local judiciary committee member. On the other hand, political influence in low contest risk merger antitrust reviews likely results in relatively smaller electoral costs than for high contest risk mergers but low contest risk mergers may also have lesser

[14] We include vertical mergers because the Department of Justice Non-Horizontal Merger Guidelines outlines the possibility of antitrust concerns due to changes in rival firm costs or increased anticompetitive coordination (See https://www.justice.gov/atr/non-horizontal-merger-guidelines).

need for political intervention if there is a relatively small effect of the merger on market competition (which is the primary concern for antitrust regulators). The total sample of 1,013 mergers represents 547 (54%) high contest risk mergers and 466 (46%) low contest risk mergers.[15]

Our second proxy to capture the incentives of merger parties to obtain judiciary committee influence over merger antitrust reviews is based on whether the merger is hostile or friendly using the variable *Attitude* from Thomson Reuters. This variable captures the attitude or recommendation of the target company's management or board of directors toward the transaction and thus the direction of political influence over the antitrust process sought by the target.[16] We classify all mergers not coded as "*Friendly*" in the data as "*Hostile*".

3. Descriptive Statistics

Table 1 presents descriptive statistics. Panel A presents details about the House and Senate Judiciary Committees for our sample period. The House Judiciary Committee (Senate Committee on the Judiciary) has an average of about 40 (19) members during our sample period, representing an average of 19 (18) states. Thus, conditional on having representation on a judiciary committee, each state has average representation on the House (Senate) judiciary committee of about 2 (1) members. Politicians serving on the House (Senate) judiciary committee have an average tenure of approximately 5 (13) years during our sample period and a maximum tenure of 23 (44) years.

Next, we tabulate states with representation in the top (bottom) quartile of judiciary

[15] We check that our results are robust to two alternative classifications to measure the likelihood that antitrust regulators will contest a merger. First, we reclassify high contest risk mergers to consist of just the 561 same-industry horizontal mergers. Second, we reclassify high contest risk mergers to include only those same-industry mergers for which the acquirer is one of the top 10 largest firms in the industry based on total sales in the year prior to the merger. Although this restriction reduces the number of intra-industry high contest risk mergers from 561 to 174, it also increases the power of our tests. The findings from both tests are qualitatively similar to our main findings which validates the construction of the *High Contest Risk* and *Low Contest Risk* partitions.

[16] Prior work notes that the term "hostile takeover" can be interpreted in different ways and thus may be inherently ambiguous (Schwert, 2000). Our objective in classifying M&As as hostile or friendly is to simply identify variation in the target firm's incentives to support the merger and the direction of their political representative's possible influence over antitrust reviews.

committee power over the sample period based on the number of years of service on a committee. The evidence indicates that committee power appears to be spread across a large cross-section of states; the heterogeneity in judiciary committee representation suggests committee power does not appear to be systematically concentrated in the largest or most populated states.

Panel B of Table 1 presents the descriptive statistics for the sample. First, we find that the average (median) value of *Outcome* is 1.59 (2.00), implying that approximately half of the merger antitrust reviews are either approved with early termination or without any restrictions or conditions. For merger deals that receive an antitrust decision, the average length of the antitrust review (*Duration*) between the deal announcement and the antitrust review outcome is 139 days. The mean *JudiciaryCom_acq* (*JudiciaryCom_tar*) value of 10.9 (8.7) indicates the aggregate tenure in years of an acquirer's (target's) political representation on the judiciary committees. The acquirers (targets) are constituents of 0.9 (0.2) judiciary committee members (*JudiciaryCom_num_acq* and *JudiciaryCom_num_tar*). The median is zero for both acquirers and targets, suggesting that there is significant heterogeneity in acquirer and target judiciary committee representation. Approximately 27% (18%) of the acquirer (target) firms have at least one judiciary committee representative in the top quartile of committee seniority. The average lobbying expenditure by acquirers (targets) to politicians is $198,190 ($12,985), while the average lobbying expenditures by the acquirer (target) to the antitrust agencies is $33,281 ($17,863). About 24% (5%) of acquirers (targets) have prior business connections with the committee members based on employment as an executive or director. Finally we find that 5.8% (2.4%) of acquirer (target) firms have business connections with DOJ/FTC.

Turning to merger characteristics, the average deal value in our sample is approximately $2.5 billion. The average combined primary industry market share (*Total_MktShare*) of the acquirer and the target together is 7.7% of total industry sales. The average (median) value of *Relative_Size* is approximate 51 (7), implying that the average (median) acquirer is 51 (7) times larger than the target. The acquirer (target) debt-to-assets ratios are 0.59 (0.61). Acquirers (targets) have positive (negative)

return on assets (ROA) on average during our sample period.

Next, Panel C in Table 1 presents the top ten three-digit SIC industries represented in our sample of acquirers and targets. No single three-digit SIC industry represents more than 166 observations (16% of the sample) of either acquirer or targets. The two largest industries represented for both groups are "Commercial Banks" and "Computer and Data Processing Services". In untabulated sensitivity tests, we find that our results are qualitatively similar when we remove firms in either group. Panel D presents sample acquirers and targets based on state of the firm's headquarters. California, New York, and Texas are the most represented states for both acquirers and targets (approximately 42% of the sample). The top 10 states represent about 75% of the total sample of mergers. In untabulated sensitivity tests, we check that our results are robust to the removal of the most represented state, California. In sum, the evidence in Panels C and D and the findings from robustness tests indicate our results are unlikely to be driven by mergers in any particular industry or state.

In Table 2 we examine whether merger intensity is affected by the judiciary committee representation for the acquirer or target, i.e., are firms with more powerful judiciary committee representation more likely to engage in M&A transactions relative to other firms. We first calculate the average number of acquirers or targets in a state scaled by the total number of firms headquartered in that state (*Deal Ratio*). For both acquirers and targets, we find no evidence that merger intensity differs across states with representation in the top quartile of judiciary committee representation, the bottom three quartiles, or states without judiciary committee representation. Next, we modify *Deal Ratio* such that the denominator is the total number of same-industry firms headquartered in that state based on similar product markets (*Deal Ratio_Industry*) as defined by Hoberg and Phillips (2010, 2016). We also create a third variable, *Deal Ratio_HighContestRisk,* which is the ratio of the number of acquirers or targets in mergers that are most likely to have anticompetitive effects scaled by the number of firms in the same state. The findings from *t*-tests of

differences in means across all the groups provide no evidence that merger characteristics differ based on either acquirer or target judiciary committee representation. In sum, these findings provide evidence that firms' underlying decision to enter into a merger does not appear to be systematically driven by judiciary committee representation. This is also consistent with a large literature in financial economics that examines the various economic determinants of firms' decision to undertake mergers (see footnote 1).

4. Multivariate Analysis

In this section, we discuss the empirical findings. In Subsection 4.1, we discuss results from our primary tests examining the effects of merger party judiciary committee representation on merger antitrust reviews. Subsection 4.2 presents our identification strategy and results. In Subsection 4.3 we discuss results from tests examining the mechanisms that affect politician incentives to influence antitrust reviews.

4.1. Merger Party Representation on Judiciary Committees and Antitrust Review Outcomes

Table 3 Panel A presents results from multivariate tests of equations (1) and (2) examining the association between the power of the acquirer's or target's political representation on judiciary committees and merger antitrust review outcomes. Columns (1) - (3) present results for tests in which the dependent variable is set to *Outcome* and columns (4) - (6) present results for tests in which the dependent variable is *Duration*.

The results in Panel A column (1) show that for the full sample of mergers, the power of an acquirer's judiciary committee representation is positively and significantly related to the favorability of the antitrust merger review outcome for the acquirer. The coefficient on *JudiciaryCom_acq* is negative and statistically significant at the 5% level. We find the opposite result for targets with judiciary committee representation: the merger antitrust review outcome is relatively more severe than for targets in other mergers (significant at the 5% level). The evidence in columns (2) and (3)

shows that the statistical effect documented in column (1) is concentrated in the high contest risk merger partition (significant at the 1% and 5% levels for acquirers and targets respectively) while statistically insignificant in the low contest risk partition. In economic terms, the results in column 2 indicate that a one standard deviation increase in the seniority of an acquirer's (target's) judiciary committee representation is associated with a 12.1% (8.1%) increase (decrease) in the probability that a high contest risk merger application receives an early termination decision, relative to other review outcomes.

The results for antitrust review duration in column (4) indicate that the power of acquirer (target) judiciary committee representation is negatively (positively) associated with the antitrust review duration at the 5% level (10% level). In column (5), we again find that the results are statistically and economically more pronounced for the high contest risk mergers (statistically significant at the 1% and 5% levels for acquirers and targets respectively). In economic terms, a one standard deviation increase in the power of the acquirer's (target's) judiciary committee representation is associated with a 4.2% decrease (2.6% increase) in review duration, or 5.8 days (3.6 days), respectively. In column (6), we find no evidence that judiciary committee representation is associated with merger review duration for low contest risk mergers.

Given that we find that judiciary committee representation has an economically significant association with merger review outcomes, the relatively small economic effect of congressional representation on the merger review duration is consistent with at least two possibilities that are unobservable to researchers: 1) antitrust regulators do not materially reduce the effort required to complete the merger review; or 2) regulators use materially less effort to review the merger but delay releasing the outcome of the review in order to provide the appearance of having conducted a thorough review.

Importantly, our results control for the effects of direct acquirer and target lobbying to antitrust regulators as well as direct business connections between acquirers or targets with antitrust

regulators based on prior employment histories of merger party executives. This suggests that judiciary committee congressional representation has a distinct and incremental effect to other channels through which firms can directly influence antitrust agencies.

The findings for acquirers are consistent with the argument that politicians serving on judiciary committees have explicit or implicit influence over antitrust agencies that result in favorable outcomes for their constituents. However, the findings that mergers are more likely to fail and take longer to review when targets have judiciary committee representation is consistent with two possible explanations. The first explanation is a reelection concern argument. Prior research finds that job losses are concentrated in the target firm's employees (Shleifer and Vishny, 1990; Chambers and Honeycutt, 2011). Accordingly, judiciary committee members may seek to prevent mergers that adversely affect employment in their constituency, resulting in adverse voter perceptions about the politician.

The second possible explanation is a capture theory argument. In particular, judiciary committee members act in accordance with the preferences of the constituent target firm. Thus, when the takeover bid is hostile, targets likely prefer that antitrust reviews be subject to more (and lengthier) scrutiny to help the target repel the bid, negotiate for a higher price, or find an alternate suitor. Conversely, when the merger is friendly, targets likely prefer that the bid be approved quickly to increase the value of the benefits for the merged firm (Rouse and Frame, 2009) and the target's executive compensation outcomes (Hartzell, Ofek, and Yermack, 2004).

In order to differentiate between these possibilities, we examine whether the link between antitrust outcomes for targets with judiciary committee representation is different across friendly and hostile mergers. Under a reelection concern argument, the direction of the expected pressure by a target's judiciary committee representation on antitrust regulators *should not* vary across hostile and friendly mergers. In contrast, under a capture-based argument, the direction of the pressure by a target's judiciary committee representatives *should* vary with the target's preference.

The empirical results in Table 3 Panel B are consistent with a capture argument. We present coefficients from re-estimations of equations (1) and (2) after splitting the sample based on whether the merger is hostile (columns 1 - 4) or friendly (columns 5 - 8) across high contest risk and low contest risk merger partitions. For hostile takeovers, *Outcome* and *Duration* are positively related to the power of a target's judiciary committee representation. This is consistent with the notion that target firms, at least in part, exploit antitrust related political influence to repel unsolicited takeover attempts. In contrast, for friendly mergers, *Outcome* and *Duration* are negatively related to the power of a target's judiciary committee representation. In economic terms for hostile (friendly) high contest risk mergers, a one standard deviation increase in a target's committee seniority is associated with a 14.1% (3.9%) decrease (increase) in the probability of obtaining an early termination antitrust review outcome and a 13-day increase (13-day decrease) in the duration of a deal review. Similarly, a one standard deviation increase in an acquirer's committee seniority is associated with a 19.3% (1.1%) decrease in the probability of obtaining an early termination antitrust review outcome when the deal is hostile (friendly) and a 7.6-day decrease (6-day decrease) in the duration of a hostile (friendly) deal review. Untabulated *F*-tests indicates that the effect of judiciary committee representation is significantly larger in hostile mergers than in friendly mergers for acquirers (*F*-statistic = 10.76; p-value < 0.01) as well as for targets (*F*-statistic = 14.66; p-value < 0.01) (i.e., the difference between coefficients in column 1 and column 5).

Unlike the findings for targets, the evidence for acquirers indicates *Outcome* and *Duration* are negatively related to the power of an acquirer's judiciary committee representation, across both hostile and friendly takeovers. These findings for acquirers are also consistent with capture theory. Our empirical results are robust to the inclusion of controls to capture factors that are likely to influence the antitrust review, such as the amount of lobbying to antitrust agencies, deal value, pre-merger competition levels in the acquirer's primary industry, and the relative size of the acquirer and target. In sum, our results suggest that the preferences of judiciary committee member constituents

involved in mergers are statistically and economically associated with the favorability of the antitrust review.

4.2 Identification

The cross-sectional relation documented in Section 4.1 above cannot be confidently interpreted as evidence of a causal relation between judiciary committee representation and merger outcomes because of the possibility that some omitted variables drive both a politician's decision to serve on a judiciary committee and the merger decisions by constituent firms. We highlight that our primary multivariate specifications include state and industry fixed effects to remove any time-invariant state or industry characteristics. With the inclusion of these fixed effects, coefficient estimates are identified from within-state and within-industry time series variation.

To further attribute our findings to judiciary committee membership, we exploit shocks to firms' judiciary committee representation using plausibly exogenous departures from the judiciary committees. There are 54 judiciary committee member turnover cases during our sample period (40 Representatives and 14 Senators). We carefully review the reason for each turnover case to identify those that are plausibly exogenous. In order to satisfy the exclusion restriction, we require that the reason for a committee turnover case (the independent variable) influence subsequent period antitrust outcomes for mergers in the departing politician's constituency (the dependent variable) only via its effect on committee representation. Two types of turnover cases are likely to satisfy the exclusion restriction: politician transfers to other congressional committees and death or illness. In contrast, an example of a turnover case that is *unlikely* to satisfy the exclusion restriction is turnover due to reelection loss. In particular, it is possible that poor underlying state or district economic conditions affect both reelection outcomes and a firm's probability of survival, the latter of which in turn influences antitrust review outcomes.

First, turnover due to politicians transferring to other congressional committees satisfies the exclusion restriction if the turnover is not correlated with some factor that directly drives both the

turnover and within-state merger antitrust outcomes. Political science research documents that committee transfer occurs for a number of reasons (all of which are unlikely to be directly linked to merger antitrust outcomes), including the desire for increased power or prestige, interest in helping shape public policy in areas outside of the jurisdiction of the judiciary committee, which may stem from a politician's pre-Congress work experience or education, and the opportunity to more easily obtain federal funding or develop economic interests relevant to a subset of the constituency (Fenno, 1973; Bullock, 1976).

Transfers occur because demand for many committees exceeds the number of available seats and thus incoming politicians cannot always immediately serve on their preferred committees. Committee reassignment decisions depend on a large number of factors including the number of vacancies on a given committee, the political needs of each party assigning members to committees, the number of members competing for a committee assignment, views on specific issues, seniority, party loyalty, and rules on the number and types of assignments that each member may hold (Smith, Roberts, and Vander Wielen, 2013). The GOP and Democratic parties and each chamber also have specific rules and restrictions on the number and type of committee assignments that each politician can hold. Thus, an important characteristic of committee transfers that increases the likelihood that transfers are exogenous is that the timing of a transfer is largely unrelated to state or district level events that could affect merger antitrust outcomes, implying that committee transfers satisfy the exclusion restriction. We also include committee departures that occur because of death or illness, as these are likely to be exogenous. Of the 54 judiciary committee turnover cases during our sample period, 23 relate to committee transfers and 2 relate to illness or death, a total of 25 plausibly exogenous turnover cases. We do not treat the other 29 turnover cases as exogenous. These include departures due to reelection losses, for non-elected public or private sector positions, or because of

retirement.[17] In sensitivity tests tabulated in the Internet Appendix, we check that our results are robust to using all 54 turnover cases.

The 25 plausibly exogenous turnover cases represent judiciary member turnover in 17 distinct states. This broad representation of states suggests that our results are not likely to be driven by any geographically concentrated, spurious, pre-trends. Of the 25 cases, 12 (13) cases represent turnover by politicians in the top quartile (non-top quartile) of seniority on judiciary committees. For each of these 25 politician turnover cases, we identify 252 sample mergers that occur in their congressional districts or states in the two-year window prior to or following the turnover event (excluding the turnover year). These mergers are the treatment group. To limit the possibility that merger characteristics explain differences in antitrust outcomes around politician turnover events, we identify a control group of similar mergers with judiciary committee representation but for which the acquirer does not experience a judiciary committee turnover shock in the same two-year window as for a matched treatment acquirer. To obtain a sample of control mergers, we use all non-treatment mergers in the same quartile of both *IndustryHHI_acq* and *Value* as treatment mergers. We do not impose a one-to-one matching restriction in order to ensure we are not subject to concerns related to small sample sizes. The matched control sample consists of 190 mergers.

We estimate difference-in-differences regressions using the dataset of treatment and control mergers firms from two years prior to the turnover year to two years after the turnover year:

$$Outcome_{i,t} = \beta_1 * Treatment_{i,t} + \beta_2 * Post_{i,t} + \beta_3 * Treatment_{i,t} * Post_{i,t} + \beta_X * Controls_{i,t} + \xi_{i,t} \quad (3)$$

$$Duration_{i,t} = \alpha + \beta_1 * Treatment_{i,t} + \beta_2 * Post_{i,t} + \beta_3 * Treatment_{i,t} * Post_{i,t} + \beta_X * Controls_{i,t} + \xi_{i,t} \quad (4)$$

The dependent variables $Outcome_{i,t}$ and $Duration_{i,t}$ are as previously defined. The indicator variable $Treatment_{i,t}$ is set equal to one for mergers in which the acquirer loses judiciary committee

[17] Committee departures for a lucrative private sector job could represent a repayment for favorable political influence in a prior merger antitrust review. Retirement could reflect expectation about poor future state- or district-economic forecasts that could also affect merger antitrust outcomes.

politician representation in the t-2, t-1, t+1 or t+2 years, and set equal to zero for control mergers (i.e., for mergers in which the acquirer does not experience a change in judiciary committee representation in the same four year window). The indicator variable $Post_{i,t}$ equals one for mergers in the post turnover time period (t+1 or t+2), and zero otherwise. A *positive* sign on the primary variable of interest, β_3, the interaction between $Treatment_{i,t}$ and $Post_{i,t}$, is consistent with worse antitrust outcomes and longer review durations for treatment firms in the post period. $Controls_{i,t}$ is a vector of variables that explain antitrust review outcomes as previously described. We also include acquirer and target industry fixed effects to remove any time-invariant differences between industries, year fixed effects to remove any common trends affecting mergers in both the treatment and control samples, and state fixed effects to remove state-level time-invariant differences. We cluster standard errors at the shock level, i.e., by state. The empirical findings discussed below are qualitatively similar if we cluster at the congressional district level.

We validate our empirical strategy using two sets of analyses. First, in Table 4 Panel A we examine and find that the observed treatment and control merger covariates in the year prior to the shock are balanced. Second, in Figure 1 we use a leads and lags model to graphically examine whether the pre-treatment trends in merger *Outcome* and *Duration* are parallel for treatment and control firms (Atanasov and Black, 2016). The evidence indicates that the pre-treatment trends for treatment and control merger outcomes appear to be quite similar. However for treatment firms in the two years following the politician turnover shock, the values for *Outcome* and *Duration* experience sharp increases relative to the trend for untreated firms. This indicates that the merger antitrust review outcomes for treatment firms *worsen* following the departure of a judiciary committee representative relative to merger antitrust review outcomes for control firms.

Next, Table 4 Panel B present results from the regressions in equation (3) and (4). Columns 1 and 2 present results for tests of *Outcome* and *Duration* using all judiciary committee member turnover cases and columns 3 to 10 present results for various partitions of the turnover cases. First,

in column 1 for the full sample, we find some evidence that merger outcomes are affected by judiciary committee turnover shocks. The coefficient on *Post* is positive and significant, indicating that antitrust review outcomes for all mergers are relatively less favorable following judiciary committee member turnover. The coefficient on the interaction between *Treatment* and *Post* is also positive and statistically significant (at the 10% level) which suggests that judiciary committee member turnover has a significantly greater effect on merger outcomes for firms in the jurisdictions of departing committee members. Interestingly, the inferences for *Duration* in column 2 are similar but only statistically significant for the interaction term.

In columns 3-6, we present results for tests after partitioning the turnover cases based on whether the departing politician is in the top quartile of judiciary committee seniority at the time of departure (columns 3-4) or not (columns 5-6). For the senior committee member turnover partition, the coefficient on the interaction between *Treatment* and *Post* is positive and statistically significant at the 1% level for the test of *Outcome* and at the 5% level for the test of *Duration*. In contrast, the findings for the tests using junior committee member turnover partition, we find no statistical evidence of an effect of turnover on either *Outcome* or *Duration*. This finding is consistent with prior work that argues that the most senior committee members have the greatest ability to yield influence from their committee membership (e.g., Levitt and Poterba, 1999). Finally, in columns 7-10, we present results for tests after partitioning the turnover cases based on the merger characteristics and in particular, whether the merger is a high (columns 7-8) or low (columns 9-10) antitrust contest risk merger. We find evidence that for the high contest risk sample, judiciary committee member turnover is associated with a more negative antirust outcome and a longer review period. In both columns 7 and 8, the coefficient on the interaction between *Treatment* and *Post* is positive and statistically significant at the 5% level. We find no evidence that shocks to judiciary committee representation has an effect for low contest risk mergers, consistent with our main results.

In sum, the findings in Figure 1 and Table 4 provide evidence of a causal relation between

judiciary committee representation and merger antitrust review outcome. To the extent that committee turnover cases are driven by some underlying factor that also drives merger outcomes, we would not expect to observe differences across partitions based on the seniority of the politician or the merger characteristics. The evidence in Columns 3-10 results provides further support for a causal inference.

Next, we conduct a falsification test to further address the possibility that our results are driven by some other unobserved factors that also lead to representation on a powerful committee (i.e., an omitted variable problem). We exploit the fact that many acquirers and targets have representation on the most powerful congressional committees that have no jurisdiction over antitrust agencies. We identify the 10 most powerful Senate and House committees (apart from judiciary committees) based on the ranking from Edwards and Stewart (2006).[18]

We create measures of committee power that are similar to our previously defined measures for judiciary committees, but based on the power of an acquirer's or a target's political representation on these other committees. We re-estimate equations (1) and (2) after replacing *JudiciaryCom_acq* and *JudiciaryCom_tar* with *OtherCom_acq* and *OtherCom_tar*, respectively. Table 5 presents the regression results. The coefficients on both *OtherCom_acq* and *OtherCom_tar* across all specifications are statistically insignificant. In other words, merger parties located in the constituencies of powerful politicians from non-antitrust related congressional committees do not appear to experience differential antitrust review outcomes relative to other firms. The findings indicate that merger parties enjoy antitrust-related benefits resulting specifically from political

[18] Edwards and Stewart (2006) track politician demand for transfers to each congressional committee to determine committee power rankings. For instance, a politician switching from committee A to committee B implies that the politician values the latter more highly than the former. The demand for a given committee is the proxy for committee power. The ten most powerful committees using this methodology are as follows. In the Senate: Finance, Veterans Affairs, Appropriations, Rules, Armed Services, Foreign Relations, Intelligence, Judiciary, Budget, and Commerce. In the House: Ways and Means, Appropriations, Energy and Commerce, Rules, International Relations, Armed Services, Intelligence, Judiciary, Homeland Security, and Transportation and Infrastructure. In untabulated robustness tests, we find similar results to those presented if we focus on the top 3 or top 5 (instead of top 10) most powerful other committees.

representation on judiciary committees rather than representation on the other powerful congressional committees we examine.

4.3 Mechanisms that Explain Politician Efforts to Influence Merger Antitrust Review Outcomes

We next examine the mechanisms through which constituent firms persuade judiciary committee members to act in their interests. There are three avenues through which political connections between firms and politicians manifest and can be measured by researchers: 1) the magnitude of political contributions made by firms or individuals in the firm to politicians; 2) congressional lobbying expenditures; and 3) business relationships. We highlight to readers that the dollar values of political contributions and lobbying we report are likely to be understated because of the inability of researchers to fully observe the channels through which firms and their agents can contribute to politicians. For our sample mergers, the average lobbying expenditures by the acquirer (target) for all politicians in the year that the merger antitrust review commences is $198,190 ($12,895). Political contributions by both acquirers and targets appear much smaller in magnitude relative to expenditures on lobbying. However, note that contributions are measured at the politician level, whereas lobbying is measured at an aggregate level representing lobbying to all politicians. This limitation arises because federal lobbying disclosure requirements do not require that lobbying expenditures be disclosed at the politician level. Next, we find that 24% (5%) of the acquirer (target) firms have a prior business relationship-based political connection to a judiciary committee member. The differential rate observed in these measures of political connections is likely driven by the size of the acquirers being considerably larger than that of the targets (as noted in Table 1).

Figures 2 and 3 present merger party and industry average congressional lobbying expenditures (political contributions) in dollars for the t-2 to t+2 window around the merger review initiation year (t), split by acquirer and target firms. First, Figure 2 presents the results for acquirer lobbying to congressional members (Panel A) and antitrust agencies (Panel B). The results are split

based on whether the merger is friendly or hostile. We find that across both types of mergers, lobbying by acquirers is below the industry average level in the two years preceding the antitrust review but increases rapidly in the following two years and peaks in the year of the review. The increase in acquirer lobbying is most pronounced in hostile mergers. For congressional member (FTC/DOJ) lobbying, spending rises from approximately $230,000 ($31,000) in year *t*-2 to $340,000 ($50,000) in year *t*. In percentage terms, acquirers in hostile mergers increase congressional member lobbying (FTC/DOJ lobbying) by 46% (60%) during the two years before the antitrust review. Lobbying expenditures decrease immediately following the merger year.

Panels C and D in Figure 2 present similar statistics for lobbying expenditures by targets to congressional members and antitrust regulators. The trends are similar to those for acquirer lobbying expenditures in Panels A and B. On average, targets in hostile mergers increase their lobbying expenditures to congressional members (FTC/DOJ) from approximately $44,000 ($14,000) in the two years preceding the year of the antitrust review to $55,000 ($32,000) in the year of the review, an increase of 26% (129%).

Panels A and B in Figure 3 present political contributions by acquirers and targets respectively, as well as the corresponding industry averages. The trends are similar to those for the lobbying findings in Figure 2. Acquirers (targets) in hostile mergers increase political contributions to judiciary committee members by 10.5% (17.4%) in the two years preceding the year of the antitrust review. The findings are consistent with the notion that merger parties appear to increase both lobbying and political contributions leading up to mergers.

Next, we examine which types of political connections are associated with merger antitrust review characteristics. We measure political connections using variables that capture both the acquirer's and target's lobbying to congressional members, political contributions, and politician-firm prior employment based connections:

$Outcome_{i,t}$ or $Duration_{i,t} = \alpha + \beta_1 * Lobbying\_Com\_acq_{i,t} + \beta_2 * Lobbying\_Com\_tar_{i,t} + \beta_3 *$

$Polit\_Contrib\_acq_{i,t} + \beta_4 * Polit\_Contrib\_tar_{i,t} + \beta_5 * Connect\_JudiciaryCom\_acq_{i,t} + \beta_6 *$

$Connect\_JudiciaryCom\_tar_{i,t} + \beta_X * Controls_{i,t} + \xi_{i,t}$ (5)

where $Outcome_{i,t}$ and $Duration_{i,t}$ are as previously defined. $Lobbying\_Com\_acq_{i,t}$ and $Lobbying\_Com\_tar_{i,t}$ represent the logged total lobbying to Congress by the acquirer and target *i* in year *t*. $Polit\_Contrib\_acq_{i,t}$ and $Polit\_Contrib\_tar_{i,t}$ capture the total logged political contributions made by the acquirer and target *i* in year *t*. $Connect\_JudiciaryCom\_acq_{i,t}$ and $Connect\_JudiciaryCom\_tar_{i,t}$ capture whether the acquirer or target have a prior business connection with a judiciary committee member. Both variables are set to 1 if the firm previously employed a judiciary committee member in an executive or non-executive capacity, and set to 0 otherwise. $Controls_{i,t}$ is a vector of controls as previously defined. Note that the political connection variables are incremental to acquirer and target firm direct lobbying to and prior connections with antitrust regulators. All specifications also include acquirer industry, target industry, and year fixed effects.

The evidence in Table 6 indicates that (almost) all the political connection variables (lobbying to congressional members, political contributions to judiciary committee politicians, and political connections) are significantly associated with merger antitrust review outcomes for both acquirers and targets. Our results hold after controlling for both merger parties' direct lobbying efforts and prior connections with antitrust regulators. The results are largely concentrated in the sample of hostile takeovers, consistent with the idea that the hostility results in greater need for both acquirers and targets to use political connections and lobbying efforts to obtain their conflicting preferences with respect to the merger. Furthermore, within the hostile merger subset, the findings are strongest for high contest risk mergers, consistent with political influence being most important when the risk of an adverse or unfavorable antitrust review outcome is highest.

The aggregate findings are consistent with the notion that merger parties attempt to influence antitrust reviews by using a number of different avenues to connect with judiciary committee members. For hostile high contest risk mergers, an additional $198,000 in acquirer lobbying

expenditures results in an 19.6% increase in the probability of obtaining a favorable early termination review outcome and a 12% (i.e., 13 days) decrease in the duration of the merger review. For targets in hostile high contest risk mergers, an additional $26,000 in lobbying expenditures to influential politicians results in a 11.3% decrease in the probability that the merger will receive an early termination review outcome and a 6% (6.5 days) increase in the duration of the review. Finally, we present *F*-tests in Panel B of Table 6. The evidence from the *F*-tests suggests that lobbying, contributions, and connections have statistically differential effects on merger antitrust outcomes for both acquirers and targets only in some specifications.

5. Additional Analyses

In Subsection 5.1, we present results from cross-sectional tests of the effects of judiciary committee representation on merger antitrust outcomes in election years versus other years and in Subsection 5.2, we examine the effects of different judiciary committee characteristics.

5.1 Effects of Judiciary Committee Representation Around Election Years

We examine whether judiciary committee incentives to influence merger antitrust outcomes differ in the years prior to and during reelection campaigns. Under a capture argument, politicians have greater need for contributions in these years. This logic implies that we should observe a more pronounced effect of judiciary committee representation on merger antitrust review outcomes. We create a dummy variable called *Election Year* that is set to one if the acquirer or target has a judiciary committee representative who is up for reelection at the end of that year. We interact this variable with *JudiciaryCom_acq* and *JudiciaryCom_tar* to capture the incremental effects of judiciary committee representation on merger antitrust outcomes in election years. Table 7 presents results for tests of equations (1) and (2) after including the *Election Year* and interaction term variables. The significant coefficients on the *Election Year* interaction terms indicate that both acquirers and targets experience increased benefits from judiciary committee representation in election years, consistent

with the argument that politicians seek to curry favor with their constituent firms' management prior to an election.

5.2 Effects for Judiciary Subcommittees and Each Chamber of Congress

We examine whether our findings are driven by political representation on the House and Senate subcommittees responsible for antitrust oversight or from political representation on the Senate judiciary committee relative to the House judiciary committee because the Senate confirms the DOJ's Attorney General and FTC Commissioner appointments.[19] First we repeat our analyses after partitioning judiciary committee members based on whether or not they serve on these subcommittees. We treat judiciary committee chairpersons and ranking members as ex officio members of the subcommittees, consistent with committee rules in both the Senate and the House.

Table 8 Panel A presents results for tests of equations (1) and (2) after partitioning judiciary committee members into subcommittee and non-subcommittee groups and identifying each subcommittee by replacing *JudiciaryCom* variables with new subcommittee variables (*Judiciary_Subcom_acq* and *Judiciary_Subcom_tar*) and non-subcommittee groups (*Judiciary_Nonsubcom_acq* and *Judiciary_Nonsubcom_tar*). The results show that our main results hold for both subcommittee and non-subcommittee representation. *F*-test results indicate that subcommittee and non-subcommittee representation have statistically different effects for antitrust review outcomes but both groups are statistically significant. This finding suggests that all judiciary committee members, regardless of their subcommittee assignments, have the ability to influence antitrust review actions directly or via relationships with other judiciary committee members that serve on the subcommittee.

Next, we examine whether there are differential effects across the House and Senate Judiciary Committees. We reestimate equations (1) and (2) after including new measures based on

[19] The two subcommittees are the Subcommittee on Antitrust, Competition Policy and Consumer Rights (Senate) and the Subcommittee on Regulatory Reform, Commercial and Antitrust Law (House).

acquirer and target representation on the Senate and House Judiciary Committees and label these variables *JudiciaryCom_House_acq* and *JudiciaryCom_Senate_acq* for the acquirer and *JudiciaryCom_House_tar* and *JudiciaryCom_Senate_tar* for the target. The results in Table 8 Panel B indicate that political representation on the Senate or the House Judiciary Committee has statistically significant associations with merger antitrust outcomes. *F*-test results largely indicate that the effects from both these committees are not statistically different. [20]

6. Conclusion

In this paper, we explore how political connections help firms obtain favorable antitrust regulatory outcomes for mergers using a large sample of U.S. mergers between 1998 and 2010. Given that antitrust regulators are subject to congressional oversight, we predict and find evidence of political influence over the merger antitrust review process.

Our results indicate that merger acquirers and targets that have political representation on congressional committees that oversee antitrust regulators receive relatively favorable antitrust review outcomes. Findings from a difference-in-differences specification and a falsification test provide evidence of the causal nature of the relation. Additional tests suggest there are multiple mechanisms through which firms obtain these benefits: political contributions, lobbying expenditures to politicians, and prior business relationships with politicians.

While we observe outcomes that are consistent with an association between a merger party's political connections with judiciary committee members and favorable antitrust outcomes, we highlight that our findings are a net effect. In other words, we cannot observe if the outcomes are the result of explicit effort by congressional members to influence antitrust regulators or because of

[20] In untabulated analyses, we find no statistical evidence that merger party representation on the Senate and/or House Appropriations Committees affects merger outcomes. These committees are potentially important because they ultimately approve the antitrust regulatory funding allocation recommendations from the judiciary committees.

actions by antitrust regulators who anticipate politician preferences but are not explicitly influenced by congressional members. Furthermore, we also do not attempt to examine if any of the outcomes result in adverse social welfare outcomes. It may well be the case that political influence, explicit or implicit, works to reduce frictions in the regulatory process, and leads to overall improvements in economic welfare. What our results do establish is the role of explicit and geographically related political links with congressional members in facilitating favorable merger antitrust review outcomes and a previously unidentified channel through which political relationships can benefit corporations. Future research opportunities include examining the role and incentives of other merger party stakeholder groups such as labor unions or industry-specific regulators in the antitrust review process.

References

Adelino, Manuel, and I. Serdar Dinc, 2014, Corporate distress and lobbying: Evidence from the Stimulus Act, *Journal of Financial Economics* 114, 256-272.

Agrawal, Anup, Jeffrey F. Jaffe, and Geherson N. Mandelker, 1992, The post-merger performance of acquiring firms: A re-examination of an anomaly, *Journal of Finance* 47, 1605-1621.

Ahern, Kenneth R., 2012, Bargaining power and industry dependence in mergers, *Journal of Financial Economics* 103, 530-550.

Ahern, Kenneth R., and Jarrad Harford, 2014, The importance of industry links in merger waves, *Journal of Finance* 69, 527-576.

Akey, Pat, Rawley Z. Heimer, and Stefan Lewellen, 2017, Politicizing consumer credit, working paper.

Aktas, Nihat, Eric de Bodt, and Richard Roll, 2010, Negotiations under the threat of an auction, *Journal of Financial Economics* 98, 241-255.

Aktas, Nihat, Eric de Bodt, and Richard Roll, 2013, Learning from repetitive acquisitions: Evidence from the time between deals, *Journal of Financial Economics* 108, 99-117.

Amore, Mario D., and Morten Bennedsen, 2013, The value of local political connections in a low-corruption environment, *Journal of Financial Economics* 110, 387-402.

Angrist, Joshua D., and Jörn-Steffen Pischke, 2009, Mostly harmless econometrics: An empiricist's companion, Princeton University Press.

Arikan, Asli M., and René M. Stulz, 2016, Corporate acquisitions, diversification, and the firm's life cycle, *Journal of Finance* 71, 139-194.

Atanasov, Vladimir A. and Bernard S. Black, 2016, Shock-based causal inference in corporate finance and accounting research, *Critical Finance Review* 5, 207-304.

Avkiran, Necmi K., 1999, The evidence on efficiency gains: The role of mergers and the benefits to the public, *Journal of Banking & Finance* 23, 991-1013.

Bagnoli, Mark, Roger Gordon, and Barton L. Lipman, 1989, Stock repurchase as a takeover defense, *Review of Financial Studies* 2, 423-443.

Bebchuk, Lucian A., John C. Coates, and Guhan Subramanian, 2002, The powerful antitakeover force of staggered boards: Theory, evidence, and policy, *Stanford Law Review* 54, 887-951.

Bena, Jan, and Kai Li, 2014, Corporate innovations and mergers and acquisitions, *Journal of Finance* 69, 1923-1960.

Bereskin, Frederick L., Seong K. Byun, Micah S. Officer, and Jong-Min Oh, 2017, The effect of cultural similarity on mergers and acquisitions: Evidence from corporate social responsibility, *Journal of Financial and Quantitative Analysis*, Forthcoming.

Betton, Sandra, B. Espen Eckbo, and Karin S. Thorburn, 2009, Merger negotiations and the toehold puzzle, *Journal of Financial Economics* 91, 158-178.

Brogaard, Jonathan, Matthew Denes, and Ran Duchin, 2016, Political influence and government investment: Evidence from contract-level data, Working Paper.

Brown, Jeffrey R., and Jiekun Huang, 2017, All the president's friends: Political access and firm value, NBER Working Paper No. w23356.

Bullock III, Charles S., 1976, Motivations for US congressional committee preferences: Freshmen of the 92nd Congress, *Legislative Studies Quarterly* 1, 201-212.

Chambers, Keisha, and Andrew Honeycutt, 2011, Telecommunications mega-mergers: Impact on employee morale and turnover intention, *Journal of Business & Economics Research* 7, 43-52.

Claessens, Stijn, Erik Feijen, and Luc Laeven, 2008, Political connections and preferential access to finance: The role of campaign contributions, *Journal of Financial Economics* 88, 554-580.

Cohen, Lauren, Joshua D. Coval, and Christopher Malloy, 2011, Do powerful politicians cause corporate downsizing? *Journal of Political Economy* 119, 1015-1060.

Comment, Robert, and G. William Schwert, 1995, Poison or placebo? Evidence on the deterrence and wealth effects of modern antitakeover measures, *Journal of Financial Economics* 39, 3-43.

Conyon, Martin J., Sourafel Girma, Steve Thompson, and Peter W. Wright, 2001, Do hostile mergers destroy jobs? *Journal of Economic Behavior and Organization* 45, 427-440.

Conyon, Martin J., Sourafel Girma, Steve Thompson, and Peter W. Wright, 2002, The impact of mergers and acquisitions on company employment in the United Kingdom, *European Economic Review* 46, 31-49.

Correia, Maria. M., 2014, Political connections and SEC enforcement, *Journal of Accounting & Economics* 57, 241-262.

Croci, Ettore, Christos Pantzalis, Jung Chul Park, and Dimitris Petmezas, 2016, The role of corporate political strategies in M&As, University of South Florida working paper.

Custódio, Cláudia, and Daniel Metzger, 2013, How do CEOs matter? The effect of industry expertise on acquisition returns, *Review of Financial Studies* 26, 2008-2047.

Denis, Diane K., 1994, Evidence on the effects of hostile and friendly tender offers on employment, *Managerial and Decision Economics* 15, 341-357.

Dessaint, Olivier, Andrey Golubov, and Paolo Volpin, 2017, Employment protection and takeovers, *Journal of Financial Economics*, forthcoming.

Dimopoulos, Theodosios, and Stefano Sacchetto, 2014, Preemptive bidding, target resistance, and takeover premiums, *Journal of Financial Economics* 114, 444-470.

Dimopoulos, Theodosios, and Stefano Sacchetto, 2017, Merger activity in industry equilibrium, *Journal of Financial Economics*, forthcoming.

Dong, Ming, David Hirshleifer, Scott Richardson, and Teoh Siew Hong, 2006, Does investor misvaluation drive the takeover market? *Journal of Finance* 61, 725-762.

Duchin, Ran, and Denis Sosyura, 2012, The politics of government investment, *Journal of Financial Economics* 106, 24-48.

Eckbo, B. Espen, 1983, Horizontal mergers, collusion, and stockholder wealth, *Journal of Financial Economics* 11, 241-273.

Edmans, Alex, Itay Goldstein, and Wei Jiang, 2012, The real effects of financial markets: The impact of prices on takeovers, *Journal of Finance* 67, 933-971.

Edwards, Keith M., and Charles Stewart III, 2006, The value of committee assignments in Congress since 1994, Working paper, Massachusetts Institute of Technology.

Faccio, Mara, 2006, Politically connected firms, *American Economic Review* 96, 369-386.

Faccio, Mara, Ronald W. Masulis, and John J. McConnell, 2006, Political connections and corporate bailouts, *Journal of Finance* 61, 2597-2635.

Faith, Roger L., Donald R. Leavens, and Robert D. Tollison, 1982, Antitrust pork barrel, *Journal of Law & Economics* 25, 329-342.

Fee, C. Edward, and Shawn Thomas, 2004, Sources of gains in horizontal mergers: evidence from customer, supplier, and rival firms. *Journal of Financial Economics* 74, 423-460.

Fenno, Richard F., 1973, Congressmen in Committees, Little, Brown.

Fenno, Richard F., 1978, Home Style: House Members in their Districts, London: Longman Publishing.

Fu, Fangjian, Leming Lin, and Micah S. Officer, 2013, Acquisitions driven by stock overvaluation: Are they good deals? *Journal of Financial Economics* 109, 24-39.

García, Diego, and Øyvind Norli, 2012, Geographic dispersion and stock returns, *Journal of Financial Economics* 106, 547-565.

Gerardi, Kristopher S., and Adam H. Shapiro, 2009. Does competition reduce price dispersion? New evidence from the airline industry. *Journal of Political Economy*, 117, 1-37.

Goldman, Eitan, Jörg Rocholl, and Jongil So, 2009, Do politically connected boards affect firm value? *Review of Financial Studies* 22, 2331-2360.

Greene, William H., 2002, The behavior of the fixed effects estimator in nonlinear models, Working paper, New York University.

Haleblian, Jerayr, Cynthia E. Devers, Gerry McNamara, Mason A. Carpenter, and Robert B. Davison, 2009, Taking stock of what we know about mergers and acquisitions: A review and research agenda, *Journal of Management* 35, 469-502.

Harford, Jarrad, 1999, Corporate cash reserves and acquisitions, *Journal of Finance* 54, 1969-1997.

Harford, Jarrad, 2005, What drives merger waves? *Journal of Financial Economics* 77, 529-560.

Harford, Jarrad, and Kai Li, 2007, Decoupling CEO wealth and firm performance: The case of acquiring CEOs, *Journal of Finance* 62, 917-949.

Hartzell, Jay C., Eli Ofek, and David Yermack, 2004, What's in it for me? CEOs whose firms are acquired, *Review of Financial Studies* 17, 37-61.

Heron, Randall A., and Erik Lie, 2015, The effect of poison pill adoptions and court rulings on firm entrenchment, *Journal of Corporate Finance* 35, 286-296.

Hoberg, Gerard, and Gordon Phillips, 2010, Product market synergies and competition in mergers and acquisitions: A text-based analysis, *Review of Financial Studies* 23, 3773-3811.

Hoberg, Gerard, and Gordon Phillips, 2016, Text-based network industries and endogenous product differentiation, *Journal of Political Economy* 124, 1423-1465.

Huang, Qianqian, Feng Jiang, Erik Lie, and Ke Yang, 2014, The role of investment banker directors in M&A, *Journal of Financial Economics* 112, 269-286.

Hunter, William J., and Michael A. Nelson, 1995, Tax enforcement: A public choice perspective, *Public Choice* 82, 53-67.

Jensen, Michael C., and Richard S. Ruback, 1983, The market for corporate control, *Journal of Financial Economics* 11, 5-50.

Johnson, Simon, and Todd Mitton, 2003, Cronyism and capital controls: Evidence from Malaysia, *Journal of Financial Economics* 67, 351-382.

Karolyi, G. Andrew, and Rose C. Liao, 2017, State capitalism's global reach: Evidence from foreign acquisitions by state-owned companies, *Journal of Corporate Finance*, 42, 367-391.

Khwaja, Asim Ijaz, and Atif Mian, 2005, Do lenders favor politically connected firms? Rent provision in an emerging financial market, *Quarterly Journal of Economics* 120, 1371-1411.

Kostovetsky, Leonard, 2015, Political capital and moral hazard, *Journal of Financial Economics* 116, 144-159.

Laffont, Jean-Jacques, and Jean Tirole, 1991, The politics of government decision making: A theory of regulatory capture, *Quarterly Journal of Economics* 106, 1089-1127.

Lehto, Eero, and Petri Böckerman, 2008, Analyzing the employment effects of mergers and acquisitions, *Journal of Economic Behavior & Organization* 68, 112-124.

Leuz, Christian, and Felix Oberholzer-Gee, 2006, Political relationships, global financing, and corporate transparency: Evidence from Indonesia, *Journal of Financial Economics* 81, 411-439.

Levitt, Steven D., and James M. Poterba, 1999, Congressional distributive politics and state economic performance, *Public Choice* 99, 185-216.

Lynch, David S., 2016, U.S. takes tougher stance on deals under Obama, *Financial Times*, April 7.

Maksimovic, Vojislav, and Gordon Phillips, 2001, The market for corporate assets: Who engages in mergers and asset sales and are there efficiency gains? *Journal of Finance* 56, 2019-2065.

Maksimovic, Vojislav, Gordon Phillips, and Liu Yang, 2013, Private and public merger waves, *Journal of Finance* 68, 2177-2217.

Maksimovic, Vojislav, Gordon Phillips, and N.R. Prabhala, 2011, Post-merger restructuring and the boundaries of the firm, *Journal of Financial Economics* 102, 317-343.

Malmendier, Ulrike, and Geoffrey Tate, 2008, Who makes acquisitions? CEO overconfidence and the market's reaction, *Journal of Financial Economics* 89, 20-43.

Masulis, Ronald W., Cong Wang, and Fei Xie, 2007, Corporate governance and acquirer returns, *Journal of Finance* 62, 1851-1889.

Mayhew, David R., 1974, Congress: The Electoral Connection, New Haven: Yale University Press.

Mehta, Mihir N., and Wanli Zhao, 2017, U.S. congressional committees and corporate financial misconduct, Working Paper.

Moeller, Sara B., Frederik P. Schlingemann, and René M. Stulz, 2004, Firm size and the gains from acquisitions, *Journal of Financial Economics* 73, 201-228.

Moeller, Sara B., Frederik P. Schlingemann, and René M. Stulz, 2005, Wealth destruction on a massive scale? A study of acquiring-firm returns in the recent merger wave, *Journal of Finance* 60, 757-782.

Morse, M. Howard, 2002, Mergers and acquisitions: Antitrust limitations on conduct before closing, *The Business Lawyer* 57, 1463-1486.

Phillips, Gordon M., and Alexei Zhdanov, 2013, R&D and the incentives from merger and acquisition activity, *Review of Financial Studies* 26, 34-78.

Rauh, Joshua D., 2006, Own company stock in defined contribution pension plans: A takeover defense? *Journal of Financial Economics* 81, 379-410.

Rhodes-Kropf, Matthew, David T. Robinson, and S. Viswanathan, 2005, Valuation waves and merger activity: The empirical evidence, *Journal of Financial Economics* 77, 561-603.

Rhodes-Kropf, Matthew, and David T. Robinson, 2008, The market for mergers and the boundaries of the firm, *Journal of Finance* 63, 1169-1211.

Rouse, Ted, and Tory Frame, 2009, The 10 steps to successful M&A integration. *Bain and Company Business Insights*. Available at http://www.bain.com/publications/articles/10-steps-to-successful-ma-integration.aspx.

Schwert, G. William, 1996, Markup pricing in mergers and acquisitions, *Journal of Financial Economics* 41, 153-192.

Schwert, G. William, 2000, Hostility in takeovers: In the eyes of the beholder? *Journal of Finance* 55, 2599-2640.

Shleifer, A., and Robert Vishny, 1990, The takeover wave of the 1980s, *Science* 249, 745-749.

Shotts, Kenneth W., and Alan E. Wiseman, 2010, The politics of investigations and regulatory enforcement by independent agents and cabinet appointees, *Journal of Politics* 72, 209-226.

Smith, Steven S., Jason M. Roberts, and Ryan J. Vander Wielen, 2013, The American Congress, Cambridge University Press.

Stigler, George J., 1971, The theory of economic regulation, *Bell Journal of Economic & Management Science* 2, 3-21.

Tahoun, Ahmed, 2014, The role of stock ownership by US Members of Congress on the market for political favors, *Journal of Financial Economics* 111, 86-110.

Weingast, Barry R., and Mark J. Moran, 1983, Bureaucratic discretion or congressional control? Regulatory policymaking by the Federal Trade Commission, *Journal of Political Economy* 91, 765-800.

Weingast, Barry R., 1984, The congressional-bureaucratic system: A principal agent perspective (with applications to the SEC), *Public Choice* 44, 147-191.

Wellman, Laura, 2017, Mitigating political uncertainty, *Review of Accounting Studies* 22, 217-250.

Young, Marilyn, Michael Reksulak, and William F. Shughart, 2001, The political economy of the IRS, *Economics & Politics* 13, 201-220.

Appendix A: Merger Antitrust Regulatory Outcome Examples

Example 1: Unconditional Antitrust Review Clearance

Vertex Pharmaceuticals (Nasdaq: VRTX) and Aurora Biosciences Corp (Nasdaq: ABSC)

On April 29, 2001, Vertex Pharmaceuticals announced its intention to acquire Aurora Biosciences Corp. Following a regulatory review, antitrust regulators approved the deal on July 6, 2001 as disclosed by the firms in an SEC filing.[21] The filing states: "the United States Federal Trade Commission (FTC) has granted clearance under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 with respect to Vertex's planned acquisition of Aurora."

Example 2: Conditional Antitrust Review Clearance and Acquirer Acceptance

Dow Chemical (NYSE: DOW) and Rohm & Haas (NYSE: ROH)

On July 10, 2008, Dow Chemical announced that it plans to acquire Rohm & Haas. On January 23, 2009, antitrust regulators announced the issuance of a consent order that permits the merger under the conditions that Dow Chemical 1) divests specific assets to preserve competition; and 2) "puts procedures in place to ensure it does not have access to competitively sensitive non-public information regarding any businesses it acquires from Rohm & Haas."[22] Dow Chemical consented and subsequently undertook the required actions in order to complete the merger.[23]

Example 3: Antitrust Review and Merger Termination

Zebra Technologies Corporation (Nasdaq: ZBRA) and Fargo Electronics, Inc. (Nasdaq: FRGO)

On July 31, 2001, Zebra Technologies Corporation announced their intention to acquire Fargo Electronics, Inc. Approximately eight months later, on March 27, 2002, the two companies agree to mutually terminate the proposed merger after "discussions with representatives of the FTC" indicated that "the FTC would not clear the transaction as currently proposed".[24]

---

[21] http://www.secinfo.com/dRqWm.4FUKc.htm.
[22] https://www.ftc.gov/news-events/press-releases/2009/01/ftc-intervenes-dow-chemicals-188-billion-acquisition-rohm-haas.
[23] http://www.reuters.com/article/us-rohmandhaas-idUSTRE53073720090401.
[24] http://www.secureidnews.com/news-item/zebra-technologies-and-fargo-electronics-terminate-acquisition-agreement-and-tender-offer/.

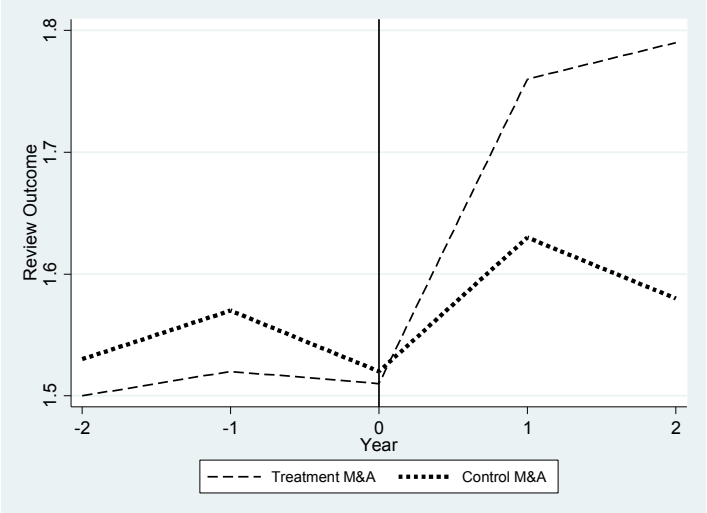
Appendix B: Variable Definitions

Outcome: An ordered dummy variable set to one if the merger antitrust review is completed in the early termination window; two if the antitrust review is completed outside the early termination window but without any objections to the merger; three if the antitrust review is accepted with conditions for merger approval; and four if the antitrust review results in the merger being blocked.
Duration: The log of the number of days between the deal announcement and antitrust regulatory approval.
JudiciaryCom_acq **(*JudiciaryCom_tar*)**: The aggregate tenure in years of an acquirer's (a target's) political representation on both judiciary committees in the year of the merger antitrust review.
JudiciaryCom_num_acq **(*JudiciaryCom_num_tar*)**: For each acquirer (target), a variable set to zero, one, or two, based on the sum of the Senate and House district representation on judiciary committees in the year of the merger antitrust review.
JudiciaryCom_dum_acq **(*JudiciaryCom_dum_tar*)**: An indicator variable set to one if an acquirer (a target) is headquartered in a state and/or district with Senate and/or House judiciary committee representation in the top quartile of committee seniority in the year of the merger antitrust review and set to zero otherwise.
OtherCom_acq **(*OtherCom_tar*)**: The aggregate tenure (in years) of an acquirer's (a target's) political representation on powerful non-judiciary committees in the year of the merger antitrust review.
Judiciary_Subcom_acq **(*Judiciary_Subcom_tar*)**: The aggregate tenure (in years) of an acquirer's (target's) political representation on both antitrust related subcommittees in the year of the merger antitrust review.
Judiciary_Nonsubcom_acq **(*Judiciary_Nonsubcom_tar*):** The aggregate tenure in years of an acquirer's (target's) political representation on both non-antitrust related subcommittees in the year of the merger antitrust review.
Judiciary_House_acq **(*Judiciary_House_tar*)**: The aggregate tenure in years of an acquirer's (target's) political representation on the House Judiciary committee in the year of the merger antitrust review.
Judiciary_Senate_acq **(*Judiciary_Senate_tar*)**: The aggregate tenure in years of an acquirer's (a target's) political representation on the Senate Judiciary committee in the year of the merger antitrust review.
Lobbying_DOJFTC_acq **(*Lobbying_DOJFTC_tar*)**: The logged lobbying expenditure to antitrust agencies by the acquirer (target) in the year of the merger antitrust review.
Connect_DOJFTC_acq (Connect_DOJFTC_tar): A dummy variable set to one when the acquirer (target) has an executive with a prior employment connection to the DOJ or FTC and set to zero otherwise.
Polit_Contrib_acq **(*Polit_Contrib_tar*)**: Total political contributions by the acquirer (target) to judiciary committee members in the year of the merger antitrust review.
Connect_JudiciaryCom_acq **(*Connect_JudiciaryCom_tar*)**: A dummy variable set to one when the acquirer (target) has a prior business relationship with a judiciary committee member and set to zero otherwise.
Value: The logged dollar amount of the value of the merger transaction.
IndustryHHI_acq: The acquirer's three-digit SIC industry code Herfindahl index prior to the merger (based on total sales).
Total_MktShare: The combined market share as a percentage of sales of the acquirer and target before the merger when both parties are in the same three-digit SIC industry code, and the acquirer's market share as a percentage of sales otherwise.
Relative_Size: The acquirer's book value of total assets divided by the target's book value of total assets.
Size_acq **(*Size_tar*)**: The acquirer's (target's) logged total assets.
Leverage_acq **(*Leverage_tar*)**: The acquirer's (target's) total liabilities divided by total assets.
MB_acq **(*MB_tar*)**: The acquirer's (target's) market value of equity divided by book value of equity.
ROA_acq **(*ROA_tar*)**: The acquirer's (target's) income before extraordinary items divided by total assets.
Post: An indicator variable set to one for mergers that occur following the turnover of a judiciary committee representative, and zero otherwise
Treatment: An indicator variable set to one for acquirers that lose judiciary committee representation in the two-year window (i.e., t-2 to t+2) around the merger, and zero otherwise.
Election Year**:** An indictor variable set to one if the acquirer or target has a judiciary committee representative that is up for reelection at the end of that year.

Figure 1. Pre Trends Analysis for Mergers Around Judiciary Committee Member Turnover Events

We present graphs of merger antitrust outcomes in the two years around judiciary committee member turnover cases. The treatment sample ("Treatment M&A") are acquirers that experience the loss of a judiciary committee member (centered at year 0) and the control sample consist of a matched sample of acquirers that do not experience the loss of a judiciary committee member during the five year window ("Control M&A). The y-axis variables are set to *Outcome* (Panel A) and *Duration* (Panel B).

Panel A: Pre Trends Analysis for Merger *Outcome* Around Judiciary Committee Member Turnover



Panel B: Pre Trends Analysis for Merger *Duration* Around Judiciary Committee Member Turnover

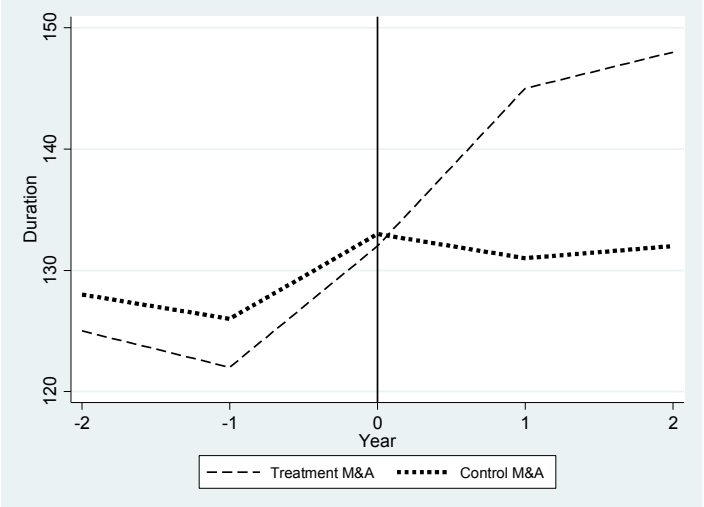
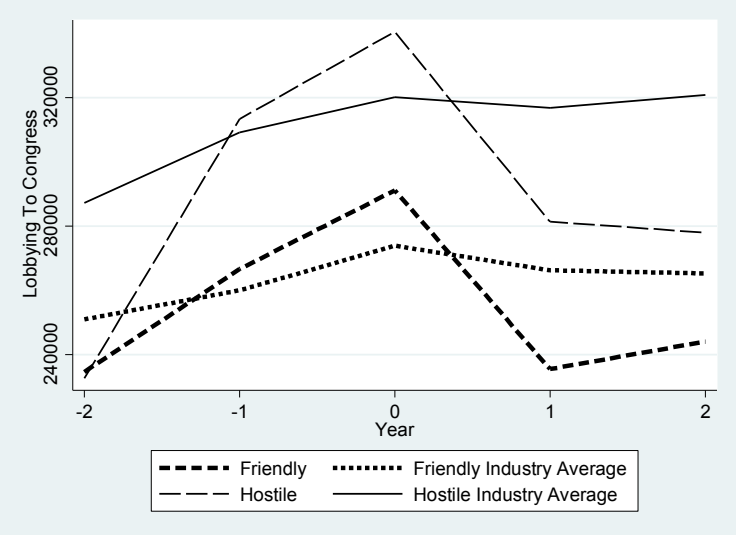


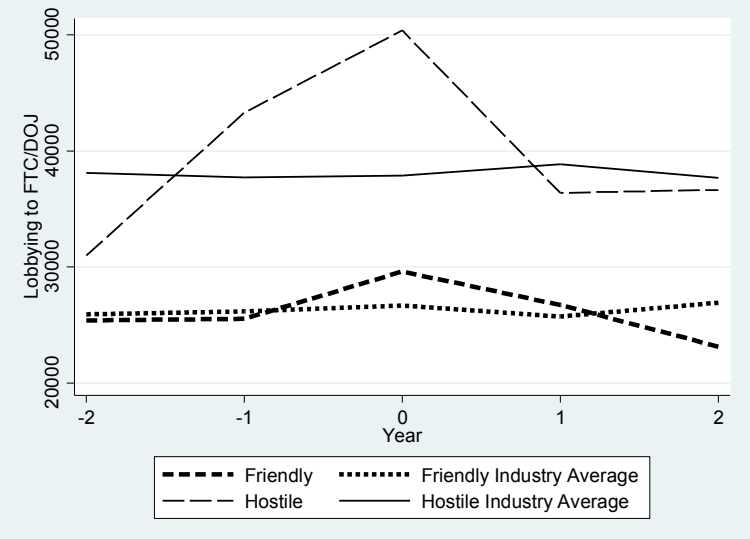
Figure 2. Lobbying by Merger Parties to Congress and Antitrust Agencies

We present graphs of total lobbying expenditures in dollars by acquirers and targets to congressional members and the DOJ and/or FTC. Panel A (Panel B) displays lobbying by acquirers to congressional members (antitrust agencies). Panel C (Panel D) displays lobbying by targets to congressional members (antitrust agencies). The graphs present data for the two-year window prior to and following the merger antitrust review initiation (i.e., from *t*-2 to *t*+2, where *t* is the year of antitrust review initiation). All graphs present details for averages based on whether a merger is classified as friendly or hostile and the corresponding industry averages during the same time period.

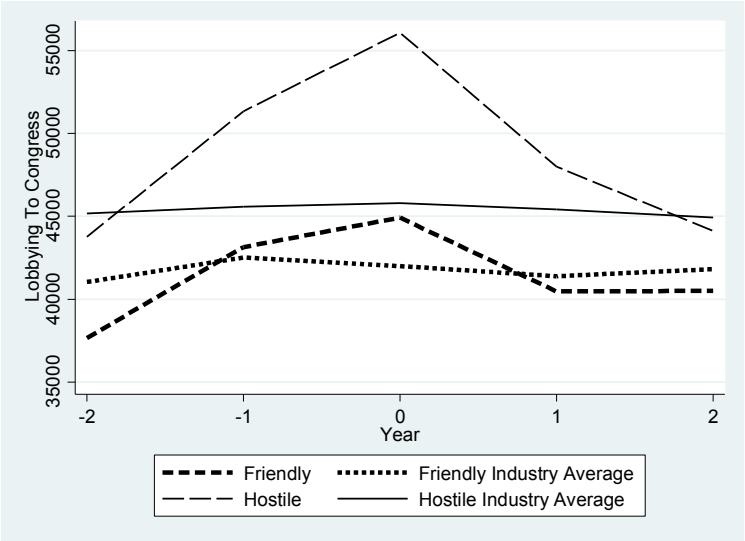
Panel A: Acquirer Lobbying Expenditures to Congressional Members



Panel B: Acquirer Lobbying Expenditures to FTC/DOJ



Panel C: Target Lobbying Expenditures to Congressional Members



Panel D: Target Lobbying Expenditures to FTC/DOJ

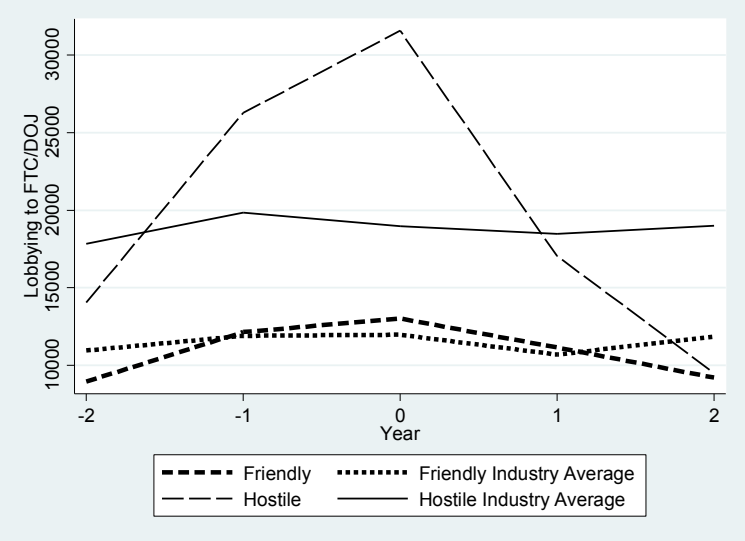
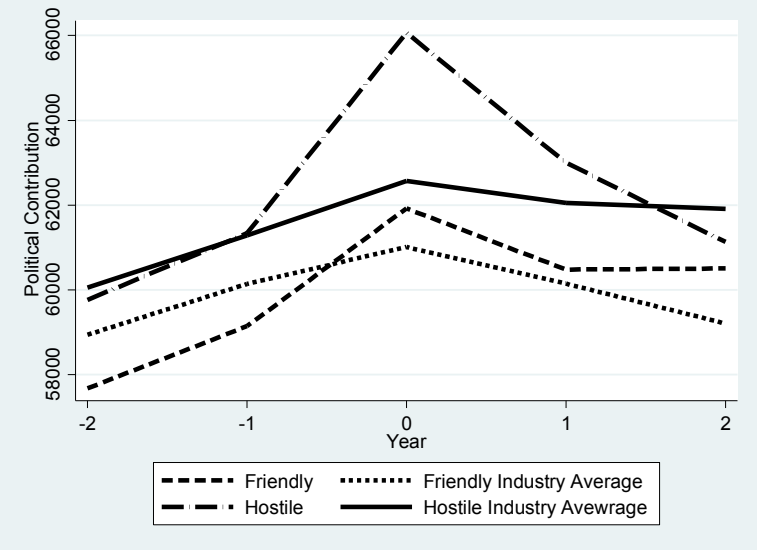


Figure 3. Political Contributions by Merger Parties to Judiciary Committee Members

We present graphs of total political contributions in dollars by acquirers and targets to House and Senate Judiciary Committee members. Panel A (Panel B) displays aggregate political contributions by acquirers (targets) to committee members. The graphs present data for the two-year window prior to and following the merger antitrust review initiation (i.e., from *t*-2 to *t*+2, where *t* is the year of antitrust review initiation). All graphs present details for averages based on whether a merger is classified as friendly or hostile and the corresponding industry averages during the same time period.

Panel A: Acquirer's Political Contributions to Judiciary Committee Members



Panel B: Target's Political Contributions to Judiciary Committee Members

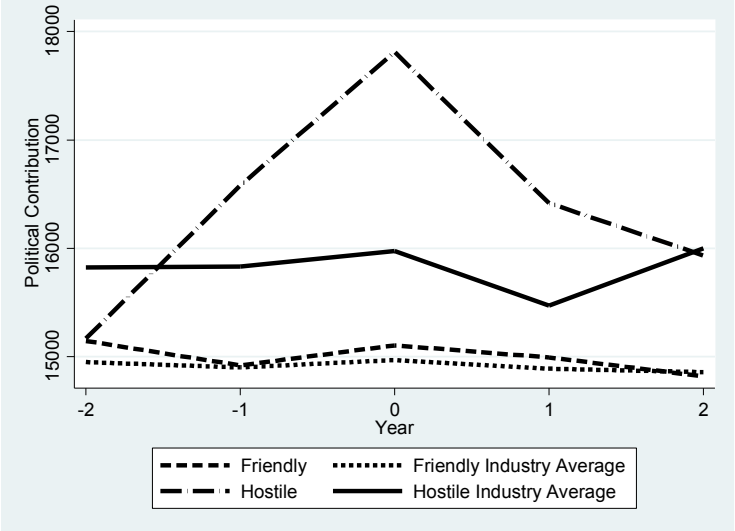


Table 1: Descriptive Statistics

Panel A presents statistics about the House and Senate Judiciary Committees. Panel B presents descriptive statistics for the variables used in multivariate tests and firm-specific variables. Panel C (Panel D) presents industry membership (state of headquarters location) for the top 10 most represented three-digit SIC industries (states) in our sample.

Panel A: Judiciary Committee Representation Statistics for Full Sample (*n* = 1,013)

	House Committee	Senate Committee
Average size (in number of members)	39.85	18.80
Average # of states represented on committee	18.85	17.63
Average # of state representatives	2.03	1.07
Max # of state representatives	10	2
Average politician tenure on committee (in years)	5.05	13.22
Maximum politician seniority on committee (in years)	23.00	44.00

States with the greatest number of years of representation (and corresponding duration) in the top quartile of judiciary committees between 1998 and 2010:

House Committee: CA, MI (13 years); VA (12 years); NC (8 years); TX, WI (6 years); FL, IL, NY, MA (2 years);

Senate Committee: MA (11 years); UT (10 years); VT (8 years); DE, PA, WI, IA (6 years); SC (5 years);

States with the least number of years of representation (and corresponding duration) in the bottom quartile of judiciary committees between 1998 and 2010:

House Committee: AL, AZ (8 years); UT, GA (7 years); IO, SC (6 years); TN, AR, OH, NJ (5 years); IL (4 years); IN (3 years); WA, CO, MD, MS, LA, MN, PA (2 years); NY (1 year);

Senate Committee: KS (6 years); IL (5 years); NY, NC, SC, TX, MD, OK, RI (4 years); NJ, MO, AL (3 years); NH, DE, MN, GA, KY, ID, OR, WA (2 years); MI, OH, TN, AZ (1 year);

States with no representation on judiciary committees during sample period: AK, CT, HI, ME, MT, ND, NE, NM, NV, SD, WV, WY.

Panel B: Summary Statistics for Full Sample (*n* = 1,013)

	Mean	Median	Std. Dev.
Dependent Variables			
Outcome	1.59	2.00	0.61
Duration (days/log)	139/4.63	104/4.66	189/0.77
Primary Independent Variables			
JudiciaryCom_acq	10.86	8.00	11.47
JudiciaryCom_tar	8.69	5.00	10.80
JudiciaryCom_num_acq	0.91	0.00	1.01
JudiciaryCom_num_tar	0.22	0.00	0.64
JudiciaryCom_dum_acq	0.27	0.00	0.44
JudiciaryCom_dum_tar	0.18	0.00	0.39
Lobbying_Com_acq ($)/log	198,190/4.58	0/0	643,074/5.91
Lobbying_Com_tar ($)/log	12,895/1.08	0/0	89,531/3.24
Connect_JudiciaryCom_acq	0.239	0.00	0.476
Connect_JudiciaryCom_tar	0.054	0.00	0.229
Lobbying_DOJFTC_acq ($)/log	33,281/0.99	0/0	178,219/3.31
Lobbying_DOJFTC_tar ($)/log	17,863/0.29	0/0	102,764/1.96
Connect_DOJFTC_acq	0.058	0.00	0.196
Connect_DOJFTC_tar	0.024	0.00	0.170
Other Variables			
DealValue ($mil)/log	2,469/6.59	584/6.37	6,930/1.39
IndustryHHI_acq	0.05	0.04	0.43
Total_MktShare	0.077	0.017	0.130
Relative_Size	51.24	7.24	147.18
Size_acq ($mil)/log	28,691/8.83	6,087/8.71	50,374/1.84
Size_tar ($mil)/log	4,420/7.04	1,155/7.05	9,060/1.73
Leverage_acq	0.59	0.60	0.25
Leverage_tar	0.61	0.61	0.28
MB_acq	3.04	2.15	2.98
MB_tar	2.58	2.05	4.41
ROA_acq	0.01	0.03	0.14
ROA_tar	-0.03	0.01	0.24

Panel C: Merger Sample by Top 10 Three-Digit SIC Acquirer and Target Industries (*n* = 1,013)

Acquirer		Target	
Top 10 Industries	Number of Firms	Top 10 Industries	Number of Firms
Commercial Banks	166	*Computer and Data Processing Services*	161
Computer and Data Processing Services	115	*Commercial Banks*	130
Drugs	67	*Drugs*	58
Electronic Components and Accessories	66	*Electronic Components and Accessories*	55
Computer and Office Equipment	55	*Crude Petroleum and Natural Gas*	49
Fire, Marine, and Casualty Insurance	45	*Savings Institution*	49
Medical Instruments and Supplies	36	*Computer and Office Equipment*	41
Crude Petroleum and Natural Gas	34	*Medical Instruments and Supplies*	39
Miscellaneous Investing	30	*Miscellaneous Investing*	32
Telephone Communications	29	*Telephone Communications*	25

Panel D: Merger Sample By Top 10 Acquirer and Target State Headquarters Location (*n* = 1,013)

Acquirers		Targets	
Top 10 States	Number of Firms	Top 10 States	Number of Firms
California	204	*California*	250
New York	129	*Texas*	98
Texas	95	*New York*	81
Massachusetts	60	*Pennsylvania*	54
Illinois	58	*Massachusetts*	52
Pennsylvania	50	*Florida*	41
New Jersey	46	*New Jersey*	39
North Carolina	37	*Virginia*	37
Ohio	37	*Georgia*	37
Minnesota	32	*Illinois*	36

Table 2: Merger Deal Ratios Across Judiciary Committee Representation Groups

We present *t*-tests of differences for merger deal intensity for acquirers and targets in states with representation in the top quartile of judiciary committee seniority (*High Seniority*), with representation in the bottom three quartiles of judiciary committee seniority (*Low Seniority*), without judiciary committee representation (*No Representation*). The variable *Deal Ratio* is the ratio of the number of acquirers or targets in a state scaled by the total number of firms headquartered in that state. *Deal Ratio_Industry* is the ratio of the number of acquirers or targets in a state for an industry scaled by the total number of same-industry firms headquartered in that state. *Deal Ratio_HighContestRisk* is the ratio of the number of acquirers or targets in *High Contest Risk* mergers in a state scaled by the total number of firms headquartered in that state. Mergers defined as *High Contest Risk* are those between firms in the same product market as defined by Hoberg and Phillips (2010, 2016) or mergers involving firms in the top quartile of significant supply chain link industry pairs based on the Ahern and Harford (2014) methodology.

	(1)	(2)	(3)	*t*-test		
	High Seniority	Low Seniority	No Representation	(1)-(2)	(1)-(3)	(2)-(3)
Acquirers						
Deal Ratio	0.9%	1.2%	1.6%	1.50	1.49	1.51
Deal Ratio_Industry	4.0%	3.9%	4.3%	0.11	0.23	0.58
Deal Ratio_HighContestRisk	0.7%	0.6%	0.5%	0.79	0.67	0.82
Targets						
Deal Ratio	1.0%	1.2%	1.1%	0.99	0.34	0.47
Deal Ratio_Industry	3.7%	2.8%	3.8%	1.35	0.13	1.62
Deal Ratio_HighContestRisk	0.6%	0.7%	0.6%	0.35	0.17	0.62

Table 3: Merger Party Judiciary Committee Representation and Antitrust Review Outcomes

This table presents regression results for an examination of the association between the seniority of a merger party's judiciary committee representation and merger antitrust review outcomes. The dependent variable is set to either a categorical variable capturing the merger regulatory review outcome (*Outcome*) using an ordered probit model or the length of the antitrust review in logged days (*Duration)* using OLS. Panel A presents regression results for the full sample and for subsamples of mergers after partitioning on whether the merger party is likely to have high or low demand for political involvement in the antitrust review process because of concerns about regulatory obstacles (*High Contest Risk* and *Low Contest Risk* respectively). *High Contest Risk* mergers are all mergers between firms in the same product market as defined by Hoberg and Phillips (2010, 2016) or mergers involving firms in the top quartile of significant supply chain link industry pairs based on the Ahern and Harford (2014) methodology and *Low Contest Risk* mergers are all other mergers. Panel B presents similar regression results for additional partitions based on whether a deal is classified as *Hostile* or *Friendly* based on data from Thomson Reuters. All variables are defined in Appendix B. *z*-statistics (*t*-statistics) are in parentheses. Standard errors are Huber-White sandwich estimator clustered at the state level. All specifications include acquirer industry, target industry, state, and year fixed effects. Statistical significance at the 1%, 5%, and 10% levels is denoted by ***, **, and *, respectively.

Panel A: Regression Results For Full Sample and High and Low Contest Risk Partitions

	(1)	(2)	(3)	(4)	(5)	(6)
	All	High Contest Risk	Low Contest Risk	All	High Contest Risk	Low Contest Risk
Dependent variable:		Outcome			Duration	
Constant	-	-	-	4.420***	3.570***	4.321***
				(15.04)	(6.69)	(10.70)
JudiciaryCom_acq	-0.011**	-0.013***	-0.004	-0.010**	-0.017***	-0.006
	(-2.33)	(-2.62)	(-1.30)	(-2.31)	(-2.60)	(-1.06)
JudiciaryCom_tar	0.008**	0.007**	0.002	0.006*	0.011**	0.005
	(2.06)	(2.22)	(0.99)	(1.79)	(2.33)	(1.07)
Lobbying_DOJFTC_acq	-0.040***	-0.052***	-0.032	-0.028	-0.029	-0.022
	(-2.59)	(-3.01)	(-1.32)	(-1.50)	(-1.21)	(-1.53)
Lobbying_DOJFTC_tar	0.111***	0.130***	0.116	0.070	0.075	0.066
	(2.70)	(3.55)	(1.49)	(1.55)	(1.28)	(1.39)
Connect_DOJFTC_acq	-0.080	-0.179	-0.027	-0.232	-0.404	-0.175
	(-0.33)	(-0.94)	(-0.09)	(-1.31)	(-0.99)	(-1.07)
Connect_DOJFTC_tar	0.187	0.249	0.035	0.191	0.314**	0.123
	(0.69)	(0.70)	(0.07)	(1.04)	(2.51)	(0.93)
Value	0.157*	0.211**	0.128*	0.053**	0.058***	0.031
	(1.88)	(2.25)	(1.70)	(2.40)	(2.66)	(0.98)
IndustryHHI_acq	7.112***	11.355***	8.828***	1.090	1.209	1.493
	(3.70)	(2.63)	(3.12)	(1.55)	(1.20)	(1.31)
Total_MktShare	0.161	0.226	0.111	0.120	0.170	0.067
	(1.32)	(1.16)	(1.09)	(1.11)	(1.55)	(1.22)
Relative_Size	-0.006*	-0.010**	-0.001*	-0.011	-0.010	-0.011**
	(-1.86)	(-2.11)	(-1.72)	(-1.33)	(-1.35)	(-2.37)
Acquirer Industry, Target Industry, State, and Year Fixed Effects?	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*
Observations	1,013	547	466	1,006	543	463
F-test: |*JudiciaryCom_acq*| = |*JudiciaryCom_tar*|	0.48	2.08	0.59	1.07	1.11	0.04
Pseudo/Adjusted R^2	0.230	0.327	0.289	0.202	0.269	0.141

Panel B: Regression Results For High and Low Contest Risk Partitions and Deal Hostility Partitions

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Hostile				Friendly			
	High Contest Risk	Low Contest Risk	High Contest Risk	Low Contest Risk	High Contest Risk	Low Contest Risk	High Contest Risk	Low Contest Risk
Dependent variable:	Outcome		Duration		Outcome		Duration	
Constant	-	-	3.275***	4.954***	-	-	7.309***	3.812***
			(5.03)	(8.99)			(4.02)	(4.67)
JudiciaryCom_acq	-0.024**	-0.011	-0.022***	-0.003	-0.001	-0.001	-0.017*	-0.006
	(-2.50)	(-1.33)	(-2.75)	(-1.13)	(-1.11)	(-0.99)	(-1.88)	(-0.99)
JudiciaryCom_tar	0.018**	0.003	0.041**	0.016	-0.004**	-0.003	-0.040*	-0.013
	(2.30)	(1.45)	(2.22)	(1.35)	(-2.09)	(-1.33)	(-1.89)	(-1.18)
Lobbying_DOJFTC_acq	-0.829***	-0.118	-0.130	-0.230	-0.075***	-0.062*	-0.011	-0.010
	(-2.77)	(-1.50)	(-1.22)	(-1.19)	(-2.90)	(-1.82)	(-1.25)	(-1.08)
Lobbying_DOJFTC_tar	0.133**	0.090	0.120	0.105	-0.131**	-0.029*	0.042	0.013
	(2.11)	(1.35)	(1.37)	(1.30)	(-2.40)	(-1.89)	(1.61)	(0.98)
Connect_DOJFTC_acq	-0.194***	-0.117**	-0.166	-0.099	-0.186	-0.189*	-0.080	-0.165
	(-3.31)	(2.42)	(-1.15)	(-0.86)	(-0.39)	(-1.93)	(-0.33)	(-0.87)
Connect_DOJFTC_tar	0.207***	0.161**	0.109	0.111	-0.709**	-0.549	-0.296***	-0.207
	(2.98)	(2.52)	(0.13)	(1.26)	(-2.24)	(-1.50)	(-2.68)	(-0.79)
Value	0.239**	0.075	0.066*	0.051	0.226**	0.055	0.055**	0.033
	(2.20)	(1.51)	(1.89)	(0.35)	(2.18)	(1.60)	(2.05)	(0.66)
IndustryHHI_acq	22.672**	31.863	1.611**	1.225	16.267**	9.799***	2.611	1.285
	(2.51)	(1.52)	(2.01)	(0.96)	(2.50)	(2.69)	(0.92)	(1.33)
Total_MktShare	0.222*	0.185	0.222	0.175	0.202*	0.160	0.160	0.105
	(1.81)	(1.60)	(1.58)	(1.11)	(1.71)	(1.36)	(1.50)	(0.99)
Relative_Size	-0.017**	-0.003	-0.008**	-0.004	-0.001	-0.001	-0.008	-0.017*
	(-2.52)	(-1.33)	(-2.02)	(-0.88)	(-0.91)	(-0.82)	(-0.92)	(-1.77)
Acquirer Industry, Target Industry, State, and Year Fixed Effects?	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*
Observations	126	127	125	125	355	405	353	403
F-test: |*JudiciaryCom_acq*| = |*JudiciaryCom_tar*|	0.47	1.76	1.78	2.29	11.17***	5.24**	12.27***	4.57**
Pseudo/Adjusted R^2	0.479	0.340	0.375	0.066	0.400	0.330	0.309	0.115

Table 4: Judiciary Committee Turnover and Antitrust Review Outcome

Panel A presents t-tests for control variables measured one year prior to the judiciary committee member turnover shock. Panel B presents regression results for an examination of the association between an acquirer's judiciary committee representation and merger antitrust review outcomes around turnover shocks to an acquirer's judiciary committee representation. Columns 1 and 2 present results for the full sample of judiciary committee member turnover shocks. In Columns 3 and 4 (Columns 5 and 6) we present results after partitioning sample mergers based on whether the turnover case is a politician in the top quartile (bottom three quartiles) of judiciary committee seniority. Columns 7 - 10 present regression results for subsamples of mergers around turnover cases after partitioning on whether the merger party is likely to have high or low demand for political involvement in the antitrust review process because of concerns about regulatory obstacles (*High Contest Risk* and *Low Contest Risk* respectively). *High Contest Risk* mergers are all mergers between firms in the same product market as defined by Hoberg and Phillips (2010, 2016) or mergers involving firms in the top quartile of significant supply chain link industry pairs based on the Ahern and Harford (2014) methodology and *Low Contest Risk* mergers are all other mergers. The dependent variable is set to a categorical variable capturing the merger regulatory review outcome (*Outcome*) using an ordered probit model or the length of the antitrust review in logged days (*Duration)* using OLS. All variables are defined in Appendix B. In Panel B, z-statistics (*t*-statistics) are in parentheses. Standard errors are Huber-White sandwich estimator clustered at the state level. All specifications include acquirer industry, target industry, state, and year fixed effects. Statistical significance at the 1%, 5%, and 10% levels is denoted by ***, **, and *, respectively.

Panel A: Covariate Balance for Pre-Treatment Control Variables

	(1)	(2)	(1) – (2)
	Treatment	Control	*t*-test
JudiciaryCom_acq	11.10	9.04	1.23
JudiciaryCom_tar	8.49	6.14	1.45
Lobbying_DOJFTC_acq	5.09	4.01	0.90
Lobbying_DOJFTC_tar	0.92	0.66	1.03
Connect_DOJFTC_acq	0.56	0.53	0.78
Connect_DOJFTC_tar	0.24	0.23	0.33
Size_acq	8.34	8.71	1.28
Value	6.71	6.40	1.41
Relative Size	32.06	48.70	1.38
Total_Mktshare	0.014	0.021	0.92
IndustryHHI_acq	0.099	0.105	1.01

Panel B: Regression Results For Judiciary Member Turnover Cases and Cross-Sectional Partitions

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	All Members Exit		Senior Committee Member Exits		Junior Committee Member Exits		High Contest Risk		Low Contest Risk	
Dependent variable:	Outcome	Duration	Outcome	Duration	Outcome	Duration	Outcome	Duration	Outcome	Duration
Constant	-	3.956***	-	4.341***	-	5.666***	-	3.601***	-	3.783***
		(6.67)		(2.80)		(3.30)		(12.23)		(9.90)
Treatment	0.330	0.100	0.347*	0.182	0.011	0.016	0.304	0.205	0.188*	0.182
	(1.45)	(1.09)	(1.88)	(1.40)	(0.37)	(0.51)	(1.00)	(1.22)	(1.88)	(0.89)
Post	0.377*	0.072	0.340**	0.049	0.018	0.003	0.381	0.045	0.519*	0.339
	(1.78)	(1.24)	(2.36)	(1.60)	(0.77)	(0.23)	(1.41)	(0.36)	(1.82)	(1.43)
Treatment * Post	0.297*	0.043**	0.350***	0.051**	0.026	0.007	0.570**	0.125**	0.202	0.051
	(1.88)	(1.98)	(2.59)	(2.20)	(0.70)	(0.98)	(2.10)	(2.03)	(1.55)	(1.41)
JudiciaryCom_acq	-0.004	-0.005	-0.005	-0.003	-0.003	-0.002	-0.007	-0.006*	-0.008	-0.001
	(-0.79)	(-1.59)	(-0.85)	(-0.90)	(-0.61)	(-0.73)	(-1.22)	(-1.77)	(-0.71)	(-0.26)
JudiciaryCom_tar	0.002	0.001	0.002	0.002	0.004	0.003	0.001	0.002	0.007	0.003
	(0.33)	(0.18)	(0.50)	(0.49)	(0.93)	(0.77)	(0.13)	(0.47)	(0.56)	(0.52)
Lobbying_DOJFTC_acq	-0.082***	-0.037***	-0.036**	-0.020*	-0.038**	-0.013*	-0.069***	-0.046***	-0.095*	-0.040
	(-3.39)	(-2.79)	(-2.20)	(-1.88)	(-2.22)	(-1.89)	(-2.63)	(-2.88)	(-1.79)	(-1.42)
Lobbying_DOJFTC_tar	0.118*	0.080*	0.088	0.047	0.091	0.045	0.111*	0.055	0.106*	0.066*
	(1.82)	(1.90)	(0.99)	(0.86)	(1.12)	(0.89)	(1.88)	(1.37)	(1.72)	(1.70)
Connect_DOJFTC_acq	-0.112	-0.166	-0.105	-0.158	-0.120	-0.152	-0.117	-0.159	-0.133	-0.125
	(-0.56)	(-1.09)	(-0.70)	(-1.10)	(-0.99)	(-1.22)	(-0.89)	(-1.11)	(-1.09)	(-0.78)
Connect_DOJFTC_tar	0.122	0.137	0.108	0.109	0.115	0.099	0.130	0.156	0.110	0.122
	(0.90)	(0.78)	(0.88)	(0.67)	(0.90)	(0.89)	(1.09)	(1.21)	(0.87)	(0.75)
Value	0.072	0.036***	0.110	0.041*	0.088	0.042*	0.125*	0.080**	0.155	0.139**
	(1.56)	(2.60)	(1.28)	(1.75)	(1.11)	(1.86)	(1.81)	(2.50)	(1.51)	(2.51)
IndustryHHI_acq	2.732***	0.566	1.730**	1.070	1.771*	1.255*	1.971***	0.661	2.173**	0.551
	(3.61)	(1.35)	(2.31)	(0.99)	(1.80)	(1.88)	(2.80)	(1.50)	(2.20)	(0.92)
Total_MktShare	0.125	0.130	0.145	0.141	0.151	0.140	0.144	0.140	0.118	0.130
	(1.30)	(1.20)	(1.61)	(1.11)	(1.52)	(1.28)	(1.55)	(1.41)	(1.30)	(1.30)
Relative_Size	-0.001	-0.002	-0.005	-0.005*	-0.007	-0.006*	-0.001	-0.000	-0.002*	-0.002**
	(-1.09)	(-1.33)	(-1.20)	(-1.73)	(-1.49)	(-1.77)	(-0.95)	(-0.22)	(-1.88)	(-2.08)
Acquirer Industry, Target Industry, State, and Year Fixed Effects?	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*
Observations	442	439	243	241	302	300	232	231	205	203
Pseudo/Adjusted R^2	0.156	0.158	0.189	0.151	0.151	0.143	0.133	0.092	0.162	0.177

Table 5: Counterfactual Test Using Non-Judiciary Congressional Committee Representation and Antitrust Review Outcomes

This table presents regression analyses examining the association between the seniority of a merger party's representation on other non-judiciary powerful congressional committees and merger antitrust review outcomes. The dependent variable is set to a categorical variable capturing the merger regulatory review outcome (*Outcome*) using an ordered probit model or the length of the antitrust review in logged days (*Duration)* using OLS. We present regression results for the full sample (Column 1 and 4) and for subsamples of mergers (Columns 2, 3, 5, and 6) after partitioning on whether the merger party is likely to have high or low demand for political involvement in the antitrust review process because of concerns about regulatory obstacles (*High Contest Risk* and *Low Contest Risk* respectively). *High Contest Risk* mergers are all mergers between firms in the same product market as defined by Hoberg and Phillips (2010, 2016) or mergers involving firms in the top quartile of significant supply chain link industry pairs based on the Ahern and Harford (2014) methodology and *Low Contest Risk* mergers are all other mergers. All variables are defined in Appendix B. z-statistics (t-statistics) are in parentheses. Standard errors are Huber-White sandwich estimator clustered at the state level. All specifications include acquirer industry, target industry, state, and year fixed effects. Statistical significance at the 1%, 5%, and 10% levels is denoted by ***, **, and *, respectively.

	(1)	(2)	(3)	(4)	(5)	(6)
	All	High Contest Risk	Low Contest Risk	All	High Contest Risk	Low Contest Risk
Dependent variable:		Outcome			Duration	
Constant	-	-	-	3.672***	3.011***	4.030***
				(3.31)	(3.79)	(3.60)
OtherCom_acq	-0.003	-0.003	-0.001	-0.003	-0.004	-0.001
	(-1.06)	(-1.11)	(-0.83)	(-0.81)	(-0.90)	(-0.51)
OtherCom_tar	-0.000	0.000	-0.001	0.001	0.002	0.001
	(0.33)	(0.51)	(-0.59)	(0.90)	(0.88)	(0.79)
Lobbying_DOJFTC_acq	-0.166***	-0.226***	-0.123*	-0.025	-0.021	-0.022
	(-2.62)	(-3.10)	(-1.79)	(-1.20)	(-0.89)	(-1.09)
Lobbying_DOJFTC_tar	-0.032	-0.073*	0.011	0.041	0.050	0.041
	(-1.39)	(-1.85)	(1.33)	(1.10)	(1.29)	(1.08)
Connect_DOJFTC_acq	-0.076	-0.173	-0.029	-0.222	-0.409	-0.170
	(-0.39)	(-0.90)	(-0.13)	(-1.30)	(-1.02)	(-1.01)
Connect_DOJFTC_tar	0.182	0.256	0.037	0.190	0.322**	0.127
	(0.73)	(0.79)	(0.09)	(1.11)	(2.49)	(0.96)
Value	0.090*	0.241**	0.065*	0.030*	0.053**	0.015
	(1.75)	(2.33)	(1.75)	(1.90)	(2.33)	(1.32)
IndustryHHI_acq	14.111**	15.546**	10.877**	2.780	3.028	1.832
	(2.36)	(2.20)	(2.45)	(1.51)	(1.09)	(1.49)
Total_MktShare	0.159	0.231	0.111	0.110	0.188	0.067
	(1.45)	(1.22)	(1.25)	(1.00)	(1.58)	(1.28)
Relative_Size	-0.003	-0.004*	-0.002*	-0.010	-0.007	-0.012
	(-1.25)	(-1.89)	(-1.73)	(-1.33)	(-1.02)	(-0.97)
Acquirer Industry, Target Industry, State, and Year Fixed Effects?	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*
Observations	1,013	547	466	1,006	543	463
Pseudo/Adjusted R^2	0.228	0.325	0.288	0.200	0.265	0.140

Table 6: How Do Merger Parties Influence Politicians? Tests of Lobbying, Political Contributions, Connections.

This table presents regression results for an examination the association between merger party lobbying, political contributions, and political connections and merger antitrust review outcomes. We present regression results for subsamples of mergers after partitioning on whether the merger party is likely to have high or low demand for political involvement in the antitrust review process because of concerns about regulatory obstacles (*High Contest Risk* and *Low Contest Risk* respectively). *High Contest Risk* mergers are all mergers between firms in the same product market as defined by Hoberg and Phillips (2010, 2016) or mergers involving firms in the top quartile of significant supply chain link industry pairs based on the Ahern and Harford (2014) methodology and *Low Contest Risk* mergers are all other mergers. We also partition sample mergers based on whether a deal is classified as *Hostile* or *Friendly* based on data from Thomson Reuters. The dependent variable is set to a categorical variable capturing the merger regulatory review outcome (*Outcome*) using an ordered probit model or the length of the antitrust review in logged days (*Duration)* using OLS. Panel B presents F-tests. All variables are defined in Appendix B. z-statistics (t-statistics) are in parentheses. Standard errors are Huber-White sandwich estimator clustered at the state level. All specifications include acquirer industry, target industry, state, and year fixed effects. Statistical significance at the 1%, 5%, and 10% levels is denoted by ***, **, and *, respectively.

Panel A: Regression Results

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Hostile				Friendly			
	High Contest Risk	Low Contest Risk	High Contest Risk	Low Contest Risk	High Contest Risk	Low Contest Risk	High Contest Risk	Low Contest Risk
Dependent variable:	Outcome		Duration		Outcome		Duration	
Constant	-	-	3.221***	4.129***	-	-	4.007***	4.733***
			(7.02)	(5.16)			(22.66)	(16.67)
Lobbying_Com_acq	-0.067***	-0.020*	-0.129***	-0.010	-0.036*	-0.011	-0.030	-0.016
	(-2.82)	(-1.92)	(-2.62)	(-1.18)	(-1.89)	(-0.81)	(-1.30)	(-1.41)
Lobbying_Com_tar	0.075**	0.010	0.139**	0.025	-0.021	-0.017	-0.040	-0.022
	(2.20)	(1.23)	(2.22)	(0.69)	(-0.83)	(-0.67)	(-0.70)	(-0.79)
Polit_Contrib_acq	-0.133***	-0.059	-0.042**	-0.018	-0.030	-0.022	-0.024*	-0.020
	(-2.79)	(-1.30)	(-2.43)	(-1.24)	(-0.90)	(-0.53)	(-1.80)	(-1.25)
Polit_Contrib_tar	0.166**	0.077*	0.062**	0.023	-0.041	-0.018	0.048	-0.019
	(2.50)	(1.89)	(2.00)	(0.86)	(-0.97)	(-0.33)	(0.91)	(-0.90)
Connect_JudiciaryCom_acq	0.239	-0.119	-0.095**	-0.031	-0.042	-0.046	-0.105	-0.028
	(-2.02)	(-0.92)	(-2.18)	(-1.02)	(-0.41)	(-0.30)	(-1.16)	(-0.30)
Connect_JudiciaryCom_tar	0.233*	0.088	0.536*	0.110	-0.137	-0.115	-0.308	-0.144
	(1.81)	(1.51)	(1.77)	(1.40)	(-1.19)	(-0.99)	(-1.45)	(-1.30)
Lobbying_DOJFTC_acq	-0.105**	-0.055*	-0.122*	-0.012	-0.042*	-0.020	-0.022	-0.022
	(-2.30)	(-1.82)	(-1.72)	(-0.96)	(-1.88)	(-0.55)	(-0.51)	(-0.33)
Lobbying_DOJFTC_tar	0.088**	0.041	0.140**	0.042	-0.088	-0.050	-0.033	-0.003
	(2.02)	(1.28)	(2.45)	(1.35)	(-1.22)	(-0.90)	(-1.49)	(-0.26)
Connect_DOJFTC_acq	-0.191***	-0.122**	-0.160	-0.102	-0.180	-0.182*	-0.082	-0.160
	(-3.26)	(2.40)	(-1.11)	(-0.88)	(-0.41)	(-1.90)	(-0.36)	(-0.89)
Connect_DOJFTC_tar	0.211***	0.166**	0.111	0.108	-0.712**	-0.542	-0.303***	-0.200
	(2.95)	(2.55)	(0.15)	(1.23)	(-2.25)	(-1.51)	(-2.62)	(-0.72)
Value	0.144*	0.103	0.200**	0.069	0.077	0.097	0.060**	0.070*
	(1.89)	(0.82)	(2.23)	(1.29)	(1.00)	(1.39)	(2.39)	(1.69)
IndustryHHI_acq	3.110*	1.777	1.623*	2.500*	0.342	0.479	0.620	0.872
	(1.83)	(1.35)	(1.80)	(1.86)	(0.06)	(0.59)	(0.78)	(1.40)
Total_MktShare	0.177	0.133	0.161	0.120	0.161	0.107	0.111	0.088
	(1.35)	(1.30)	(1.49)	(1.23)	(1.08)	(1.29)	(1.21)	(1.19)
Relative_Size	-0.001	-0.002	-0.032**	-0.050**	-0.001	-0.001	-0.017**	-0.036***
	(-0.62)	(-1.38)	(-2.08)	(-2.31)	(-0.20)	(-0.97)	(-2.42)	(-5.52)
Acquirer Industry, Target Industry, State, and Year Fixed Effects?	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*
Observations	126	127	125	125	355	405	353	403
Pseudo/Adjusted R^2	0.163	0.387	0.220	0.137	0.145	0.184	0.191	0.077

Panel B: F-test

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
F-test:								
Lobbying_Com_acq + Lobbying_Com_tar = 0	0.07	1.15	0.03	0.33	6.48**	1.89	2.58	3.19*
Polit_Contrib_acq = Polit_Contrib_tar	0.33	0.17	0.64	0.05	3.48*	0.68	0.39	4.34**
Connect_JudiciaryCom_acq = Connect_JudiciaryCom_tar	0.03	0.10	4.16**	1.76	2.70	1.40	6.40**	2.82*
Acquirer tests								
Lobbying_Com_acq = Polit_Contrib_acq	3.07*	1.40	5.56**	0.45	0.05	0.13	0.10	0.08
Polit_Contrib_acq = Connect_JudiciaryCom_acq	1.63	0.38	2.56	0.30	0.02	0.05	1.57	0.01
Lobbying_Com_acq = Connect_JudiciaryCom_acq	4.28**	1.16	0.53	0.89	0.01	0.10	1.29	0.03
Target tests								
Lobbying_Com_tar = Polit_Contrib_tar	2.97*	5.20**	2.43	0.00	0.33	0.00	2.56	0.01
Polit_Contrib_tar = Connect_JudiciaryCom_tar	0.43	0.05	4.85**	2.20	1.23	1.14	5.29**	2.46
Lobbying_Com_tar = Connect_JudiciaryCom_tar	2.82*	3.51*	3.30*	1.93	1.94	1.36	2.97*	2.28

Table 7: Differential Effects in Election Years

This table presents regression results for an examination of the association between the seniority of a merger party's judiciary committee representation and merger antitrust review outcomes with interaction terms to capture incremental effects during election years. *Election Year* is a dummy variable set to one for years in which a merger party has a judiciary committee representative who is up for election. House committee members have two year terms and Senate committee members have staggered six year terms The dependent variable is set to either a categorical variable capturing the merger regulatory review outcome (*Outcome*) using an ordered probit model or the length of the antitrust review in logged days (*Duration)* using OLS. We present regression results for the full sample and subsamples of mergers after partitioning on whether the merger party is likely to have high or low demand for political involvement in the antitrust review process because of concerns about regulatory obstacles (*High Contest Risk* and *Low Contest Risk* respectively). *High Contest Risk* mergers are all mergers between firms in the same product market as defined by Hoberg and Phillips (2010, 2016) or mergers involving firms in the top quartile of significant supply chain link industry pairs based on the Ahern and Harford (2014) methodology and *Low Contest Risk* mergers are all other mergers. All variables are defined in Appendix B. *z*-statistics (*t*-statistics) are in parentheses. Standard errors are Huber-White sandwich estimator clustered at the state level. All specifications include acquirer industry, target industry, state, and year fixed effects. Statistical significance at the 1%, 5%, and 10% levels is denoted by ***, **, and *, respectively.

	(1)	(2)	(3)	(4)	(5)	(6)
	All	High Contest Risk	Low Contest Risk	All	High Contest Risk	Low Contest Risk
Dependent variable:		Outcome			Duration	
Constant	-	-	-	4.388***	3.561***	4.389***
				(15.04)	(6.94)	(10.77)
JudiciaryCom_acq	-0.008**	-0.010**	-0.002	-0.007**	-0.012**	-0.002
	(-2.00)	(-2.33)	(-1.09)	(-2.09)	(-2.22)	(-0.70)
JudiciaryCom_tar	0.005*	0.006**	0.001	0.003*	0.008**	0.002
	(1.93)	(1.99)	(0.62)	(1.72)	(2.09)	(0.82)
Election Year	0.081	0.219	0.034	0.049	0.223*	0.009
	(0.63)	(1.50)	(0.86)	(0.65)	(1.74)	(0.32)
JudiciaryCom_acq * Election Year	-0.002	-0.005**	-0.001	-0.002	-0.005*	-0.001
	(-1.52)	(-2.21)	(-0.44)	(-0.40)	(-1.88)	(-0.51)
JudiciaryCom_tar * Election Year	0.003	0.006**	0.002*	0.002	0.004**	0.000
	(1.40)	(2.53)	(1.83)	(0.83)	(2.19)	(0.12)
Lobbying_DOJFTC_acq	-0.044***	-0.115***	-0.015	-0.025	-0.031	-0.019
	(-2.87)	(-3.81)	(-0.66)	(-1.63)	(-1.14)	(-1.49)
Lobbying_DOJFTC_tar	0.115***	0.188***	0.115***	0.070	0.082**	0.062
	(2.94)	(3.07)	(4.75)	(1.31)	(2.28)	(1.42)
Connect_DOJFTC_acq	-0.071	-0.171	-0.032	-0.226	-0.358	-0.201
	(-0.29)	(1.19)	(-0.10)	(-1.28)	(-0.91)	(-1.23)
Connect_DOJFTC_tar	0.199	0.216	0.007	-0.190	-0.308**	-0.226
	(-0.71)	(-0.61)	(-0.02)	(-1.02)	(-2.33)	(-0.94)
Value	0.161*	0.310**	0.072*	0.057***	0.066**	0.054**
	(1.78)	(2.01)	(1.75)	(2.87)	(2.01)	(2.09)
IndustryHHI_acq	8.476***	13.433***	10.553***	0.641	1.510	0.209
	(3.87)	(5.15)	(2.98)	(0.73)	(1.61)	(0.41)
Total_MktShare	-0.000	-0.001	0.001***	0.092	0.122	0.067
	(-0.27)	(-1.14)	(2.88)	(1.19)	(0.86)	(0.64)
Relative_Size	-0.017*	-0.028*	-0.009	-0.100	-0.171	-0.072
	(-1.80)	(-1.90)	(-1.55)	(-1.26)	(-1.47)	(-0.87)
Acquirer Industry, Target Industry, State, and Year Fixed Effects?	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*
Observations	1,013	547	466	1,006	543	463
F-test: |*JudiciaryCom_acq*| = |*JudiciaryCom_tar*|	0.79	1.16	0.34	2.24	0.73	0.02
F-test: |*JudiciaryCom_acq * Election Year*| = |*JudiciaryCom_tar * Election Year*|	0.32	0.19	0.31	0.00	0.19	0.52
Pseudo/Adjusted R^2	0.231	0.336	0.294	0.202	0.285	0.144

Table 8: Judiciary Committee Characteristics Cross-Sectional Tests

This table presents regression analyses examining the association between merger party's representation on judiciary committees and merger antitrust outcomes. Panel A presents regression results for tests examining the effects of acquirer and target representation on antitrust-related subcommittees and non-antitrust related subcommittees within the Judiciary committees and Panel B presents associated *F*-tests. Panel C presents regression results for tests examining the effects of acquirer and target representation on either the Senate and House Judiciary committees and Panel D presents associated *F*-tests. In all specifications, the dependent variable is set to a categorical variable capturing the merger regulatory review outcome (*Outcome*) using an ordered probit model or the length of the antitrust review in logged days (*Duration)* using OLS. We present regression results for subsamples of mergers after partitioning on whether the merger party is likely to have high or low demand for political involvement in the antitrust review process because of concerns about regulatory obstacles (*High Contest Risk* and *Low Contest Risk* respectively). *High Contest Risk* mergers are all mergers between firms in the same product market as defined by Hoberg and Phillips (2010, 2016) or mergers involving firms in the top quartile of significant supply chain link industry pairs based on the Ahern and Harford (2014) methodology and *Low Contest Risk* mergers are all other mergers. We also partition sample mergers based on whether a deal is classified as *Hostile* or *Friendly* based on data from Thomson Reuters. All variables are defined in Appendix B. z-statistics (t-statistics) are in parentheses. Standard errors are Huber-White sandwich estimator clustered at the state level. All specifications include acquirer industry, target industry, state, and year fixed effects. Statistical significance at the 1%, 5%, and 10% levels is denoted by ***, **, and *, respectively.

Panel A: Regression Results for Subcommittee Representation and Antitrust Review Outcomes

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Hostile				Friendly			
	High Contest Risk	Low Contest Risk	High Contest Risk	Low Contest Risk	High Contest Risk	Low Contest Risk	High Contest Risk	Low Contest Risk
Dependent variable:	Outcome		Duration		Outcome		Duration	
Constant	-	-	4.116***	1.889	-	-	4.835***	3.730***
			(3.72)	(1.40)			(20.92)	(4.85)
Judiciary_Subcom_acq	-0.033***	-0.017*	-0.132***	-0.018	-0.002	-0.002	-0.024*	-0.009
	(-3.27)	(-1.88)	(-3.22)	(-1.46)	(-1.38)	(-1.47)	(-1.80)	(-0.56)
Judiciary_Subcom_tar	0.026***	0.006*	0.050**	0.026	-0.006*	-0.002	-0.032	-0.014
	(3.33)	(1.83)	(2.30)	(1.10)	(-1.89)	(-0.29)	(-0.85)	(-0.48)
Judiciary_Nonsubcom_acq	-0.017**	-0.006	-0.096*	-0.036	-0.001	-0.001	-0.033	-0.013
	(-2.12)	(-1.30)	(-1.85)	(-1.25)	(-1.22)	(-0.79)	(-1.37)	(-1.22)
Judiciary_Nonsubcom_tar	0.015**	0.002	0.040**	0.021	-0.001	-0.002	-0.012	-0.005
	(2.30)	(0.95)	(2.22)	(0.89)	(-1.22)	(-1.09)	(-1.22)	(-0.83)
Lobbying_DOJFTC_acq	-0.887**	-0.170	-0.035	-0.010	-0.077***	-0.063*	-0.005	-0.002
	(-2.55)	(-1.20)	(-0.47)	(-0.33)	(-2.82)	(-1.92)	(-1.20)	(-1.25)
Lobbying_DOJFTC_tar	0.143**	0.091	0.067	0.022	-0.140*	-0.033*	0.053	0.010
	(2.26)	(1.15)	(1.42)	(0.88)	(-1.72)	(-1.71)	(1.29)	(1.11)
Connect_DOJFTC_acq	-0.182***	-0.126**	-0.156	-0.107	-0.177	-0.180*	-0.083	-0.172
	(-3.22)	(2.43)	(-1.28)	(-0.89)	(-0.45)	(-1.88)	(-0.45)	(-1.03)
Connect_DOJFTC_tar	0.202***	0.162**	0.115	0.110	-0.702**	-0.543	-0.295***	-0.182
	(2.82)	(2.50)	(0.19)	(1.21)	(-2.30)	(-1.42)	(-2.70)	(-0.67)
Value	0.245	0.063	0.108**	0.132	0.280**	0.033	0.050**	0.075
	(2.24)	(1.09)	(2.11)	(0.72)	(2.23)	(1.55)	(2.00)	(1.46)
IndustryHHI_acq	15.882**	33.255	-0.650	-0.967	15.009***	11.222***	-2.656*	-0.695
	(2.31)	(1.52)	(-1.10)	(-1.35)	(2.70)	(2.62)	(-1.88)	(-1.52)
Total_MktShare	0.217*	0.192	0.209	0.171	0.192*	0.153	0.166	0.102
	(1.73)	(1.52)	(1.35)	(1.11)	(1.75)	(1.16)	(1.56)	(0.92)
Relative_Size	-0.025**	-0.006	-0.006	-0.003	0.000	-0.001	-0.005	-0.003
	(-2.36)	(-1.52)	(-1.53)	(-1.40)	(1.22)	(-1.00)	(-1.16)	(-1.02)
Acquirer Industry, Target Industry, State, and Year Fixed Effects?	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*
Observations	126	127	125	125	355	405	353	403
Pseudo/Adjusted R^2	0.309	0.460	0.311	0.115	0.325	0.541	0.312	0.080

Panel B: F-test

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
F-test:								
Judiciary_Subcom_acq + Judiciary_Subcom_tar = 0	0.60	2.62	6.25**	0.18	10.51***	0.65	3.93**	0.95
Judiciary_Nonsubcom_acq + Judiciary_Nonsubcom_tar = 0	0.07	1.24	2.08	0.32	5.95**	3.62*	5.98**	4.32**
Judiciary_Subcom_acq = Judiciary_Nonsubcom_acq	3.08*	2.35	0.59	0.66	0.72	0.58	0.21	0.09
Judiciary_Subcom_tar = Judiciary_Nonsubcom_tar	2.34	2.11	0.25	0.04	4.65**	0.00	0.53	0.18

Panel C: Regression Results For House and Senate Judiciary Committee Representation and Antitrust Review Outcomes

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Hostile				Friendly			
	High Contest Risk	Low Contest Risk	High Contest Risk	Low Contest Risk	High Contest Risk	Low Contest Risk	High Contest Risk	Low Contest Risk
Dependent variable:	Outcome		Duration		Outcome		Duration	
Constant	-	-	3.628***	3.339	-	-	3.300***	4.013***
			(3.15)	(1.61)			(9.67)	(4.23)
Judiciary_House_acq	-0.033**	-0.016	-0.230***	-0.073	-0.002	-0.001	-0.016*	-0.003
	(-2.40)	(-1.40)	(-2.62)	(-1.31)	(-1.26)	(-0.92)	(-1.80)	(-0.63)
Judiciary_House_tar	0.027***	0.002	0.202**	0.069	-0.007**	-0.004	-0.020*	-0.011
	(2.60)	(0.60)	(2.05)	(1.62)	(-2.22)	(-0.92)	(-1.71)	(-0.89)
Judiciary_Senate_acq	-0.019**	-0.006	-0.211**	-0.092	-0.001	-0.001	-0.003	-0.002
	(-2.43)	(-1.16)	(-2.38)	(-1.33)	(-0.82)	(-0.83)	(-1.33)	(-0.91)
Judiciary_Senate_tar	0.015**	-0.007	0.109**	0.080	-0.003*	-0.002	-0.004	-0.003
	(2.12)	(-1.12)	(2.22)	(1.20)	(-1.69)	(-1.10)	(-0.88)	(-0.79)
Lobbying_DOJFTC_acq	-0.822***	-0.139	-0.067	-0.032	-0.070***	-0.077*	-0.018	-0.005
	(-2.78)	(-1.43)	(-1.02)	(-0.88)	(-2.82)	(-1.83)	(-1.40)	(-0.22)
Lobbying_DOJFTC_tar	0.150**	0.092	0.127	0.052	-0.141***	-0.029*	0.031	0.010
	(2.33)	(1.37)	(0.88)	(0.89)	(-2.62)	(-1.92)	(1.22)	(0.88)
Connect_DOJFTC_acq	-0.179***	-0.120**	-0.166	-0.100	-0.186	-0.178*	-0.085	-0.173
	(-3.17)	(2.42)	(-1.30)	(-0.83)	(-0.49)	(-1.82)	(-0.47)	(-1.05)
Connect_DOJFTC_tar	0.215***	0.161**	0.117	0.116	-0.719**	-0.551	-0.282***	-0.206
	(2.82)	(2.50)	(0.22)	(1.37)	(-2.30)	(-1.50)	(-2.62)	(-0.85)
Value	0.280**	0.051	0.079*	0.015	0.222**	0.046	0.053**	0.037
	(2.22)	(1.23)	(1.89)	(1.19)	(2.32)	(1.28)	(2.20)	(0.87)
IndustryHHI_acq	24.200**	27.107*	1.652*	1.119	15.122**	10.062***	3.102	0.367
	(2.20)	(1.90)	(1.89)	(1.23)	(2.46)	(2.70)	(1.23)	(0.43)
Total_MktShare	0.233*	0.170	0.226	0.178	0.182*	0.166	0.153	0.110
	(1.87)	(1.33)	(1.59)	(1.06)	(1.68)	(1.50)	(1.43)	(0.95)
Relative_Size	-0.010***	-0.003	-0.011	-0.007	-0.000	-0.001	-0.011	-0.008
	(-2.90)	(-1.22)	(-1.34)	(-1.43)	(-0.92)	(-0.95)	(-1.28)	(-1.49)
Acquirer Industry, Target Industry, State, and Year Fixed Effects?	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*
Observations	126	127	125	125	355	405	353	403
Pseudo/Adjusted R^2	0.309	0.461	0.309	0.115	0.323	0.543	0.312	0.080

Panel D: F-test

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
F-test:								
|Judiciary_House_acq| = |Judiciary_House_tar|	0.24	2.77*	0.09	0.01	13.00***	2.49	12.01***	2.23
|Judiciary_Senate_acq| = |Judiciary_Senate_tar|	0.29	5.14**	2.03	0.03	6.90***	3.78*	3.81*	2.60
Judiciary_House_acq = Judiciary_Senate_acq	1.57	1.27	0.05	0.09	0.50	0.00	4.02**	0.07
Judiciary_House_tar = Judiciary_Senate_tar	1.20	0.95	1.71	0.03	5.64**	1.78	5.14**	3.45*

Internet Appendix for

"Political Influence and Merger Antitrust Reviews"

Internet Appendix IA.1: Univariate Comparisons between Different Merger Partitions

In this Appendix we present descriptive statistics and differences in means for variables for merger characteristics that are likely to influence demand for political influence. First, we partition mergers based on the expected effect on market competition. Second, we present differences between variable means after partitioning mergers as hostile or friendly based on the variable "Attitude" from Thomson Reuters.

We present results in Table IA.1. Columns (1) - (3) present descriptive statistics for the mergers classified as either *High Contest Risk* and *Low Contest Risk* and *t*-tests of differences between the groups. First, we find no difference in the severity of the review outcomes across High Contest Risk and Low Contest Risk mergers. Furthermore, the antitrust review duration is roughly the same for the two groups. Relative to acquirers in low contest risk mergers, acquirers in high contest risk mergers have approximately the same judiciary committee representation in terms of both influence and volume. On the other hand, we find that target firms have significantly higher committee power in high contest risk mergers than in low contest risk mergers. In addition, acquirers in high contest risk mergers tend to have more lobbying spending than in low contest risk mergers. Target firms in high contest risk mergers have higher lobbying spending to the Congress and political contributions. Both acquirers and targets in high contest risk mergers have greater business connections with judiciary committee members. Finally, we find that firm and merger characteristics between the two types of merger cases are largely similar.

Next, columns (4) - (6) present descriptive statistics for the mergers classified as either *Hostile* or *Friendly* and *t*-tests of differences between the groups. The results show that the severity of the merger antitrust review outcome is similar across both groups of mergers. In addition, we find no difference in the merger antitrust review duration across the groups. Finally, we find that acquirers and targets involved in friendly mergers appear to have more political representation than acquirers and targets involved in hostile mergers. The political connections do not seem to differ across hostile and friendly mergers. Turning to merger and firm variables, we find that friendly mergers involve larger, more levered, lower growth, and higher profitability acquirers.

Table IA.1: *t*-Tests for Partitions for High Contest Risk Merger / Low Contest Risk Merger Subsamples and Friendly / Hostile Subsamples

We present *t*-tests of differences between means after partitioning sample observations into high contest risk mergers and low contest risk mergers (Columns 1-3) and friendly and hostile mergers (Columns 4-6). High contest risk mergers are classified as all mergers between firms in the same product market as defined by Hoberg and Phillips (2010, 2016) or mergers involving firms in the top quartile of significant supply chain link industry pairs based on the Ahern and Harford (2014) methodology and low contest risk mergers are all other mergers. Friendly and Hostile mergers are based on the classification from the Thomson Reuters database. All mergers not coded as Friendly are classified as Hostile.

	(1)	(2)	(3)	(4)	(5)	(6)
	High Contest Risk	Low Contest Risk	*t*-Test	Friendly	Hostile	*t*-Test
Dependent Variables						
Outcome	1.638	1.633	0.11	1.625	1.672	1.05
Duration	4.66	4.58	1.61	4.65	4.57	1.40
Primary Independent Variables						
JudiciaryCom_acq	11.03	10.18	1.25	11.98	7.61	5.53***
JudiciaryCom_tar	9.36	7.72	2.57**	9.10	7.51	2.10**
JudiciaryCom_num_acq	0.91	0.84	1.29	0.97	0.72	3.58***
JudiciaryCom_num_tar	0.37	0.08	7.97***	0.32	0.19	2.78***
JudiciaryCom_dum_acq	0.29	0.24	1.70*	0.32	0.13	6.28***
JudiciaryCom_dum_tar	0.20	0.16	1.67*	0.19	0.16	1.23
Lobbying_DOJFTC_acq	1.24	0.81	2.14**	1.07	0.75	1.37
Lobbying_DOJFTC_tar	0.29	0.25	0.77	0.25	0.38	0.49
Connect_DOJFTC_acq	0.055	0.060	1.16	0.059	0.053	0.50
Connect_DOJFTC_tar	0.025	0.023	0.26	0.022	0.031	0.81
Lobbying_Com_acq	4.83	4.09	2.14**	4.79	3.96	1.99**
Lobbying_Com_tar	1.40	0.81	3.03***	1.05	1.20	0.66
Polit_Contrib_acq	1.89	1.63	1.25	1.85	1.67	0.72
Polit_Contrib_tar	0.59	0.25	3.04***	0.29	0.72	3.39***
Connect_JudiciaryCom_acq	0.25	0.21	1.72*	0.23	0.28	1.41
Connect_JudiciaryCom_tar	0.07	0.04	2.11**	0.06	0.04	1.13
Other Variables						
Value	6.63	6.55	0.86	6.55	6.73	1.92*
IndustryHHI_acq	0.05	0.05	1.89*	0.05	0.05	0.03
Total_MktShare	0.084	0.071	1.38	0.074	0.086	1.30
Relative_Size	56.77	51.86	0.53	56.16	37.02	1.86*
Size_acq	8.82	8.92	0.87	8.92	8.56	2.78***
Size_tar	7.05	7.05	0.03	6.94	7.23	1.43
Leverage_acq	0.58	0.60	0.81	0.61	0.55	3.01***
Leverage_tar	0.60	0.63	0.69	0.61	0.60	0.44
MB_acq	3.09	2.93	0.94	2.88	3.50	2.97***
MB_tar	2.80	1.73	1.80*	2.58	2.58	0.00
ROA_acq	0.020	0.009	1.02	0.02	-0.01	3.60***
ROA_tar	-0.035	0.005	1.27	-0.02	-0.06	1.36

Internet Appendix IA.2: Robustness Checks for Main Regressions

Table IA.2.1: Main Regressions Without Control Variables and Without Fixed Effects
This table presents regression results of Equations (1) and (2) without control variables (Columns 1-4) and without fixed effects and control variables (Columns 5-8). *High Contest Risk* mergers are all mergers between firms in the same product market as defined by Hoberg and Phillips (2010, 2016) or mergers involving firms in the top quartile of significant supply chain link industry pairs based on the Ahern and Harford (2014) methodology and *Low Contest Risk* mergers are all other mergers. All variables are defined in Appendix B. *z*-statistics (*t*-statistics) are in parentheses. Standard errors are Huber-White sandwich estimator clustered at the state level. All specifications include acquirer industry, target industry, state, and year fixed effects. Statistical significance at the 1%, 5%, and 10% levels is denoted by ***, **, and *, respectively.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	High Contest Risk	Low Contest Risk	High Contest Risk	Low Contest Risk	High Contest Risk	Low Contest Risk	High Contest Risk	Low Contest Risk
Dependent variable:	Outcome		Duration		Outcome		Duration	
Constant	-	-	4.057***	5.025***	-	-	4.187***	4.215***
			(9.28)	(22.67)			(18.00)	(21.30)
JudiciaryCom_acq	-0.019**	-0.006	-0.026**	-0.009	-0.015**	-0.007	-0.018**	-0.004
	(-2.55)	(-1.55)	(-2.44)	(-0.90)	(-2.19)	(-1.29)	(-2.10)	(-0.78)
JudiciaryCom_tar	0.013**	0.003	0.016**	0.009	0.010**	0.004	0.010*	0.005
	(2.30)	(0.80)	(2.27)	(1.12)	(2.00)	(0.91)	(1.90)	(1.06)
Acquirer Industry, Target Industry, State, and Year Fixed Effects?	*Yes*	*Yes*	*Yes*	*Yes*	*No*	*No*	*No*	*No*
Observations	547	466	543	463	547	466	543	463
F-test: |*JudiciaryCom_acq*| = |*JudiciaryCom_tar*|	0.82	0.62	1.23	0.04	0.70	0.37	1.27	0.04
Pseudo/Adjusted R^2	0.290	0.249	0.254	0.126	0.089	0.068	0.069	0.039

Table IA.2.2: Main Regressions Using Ordinary Least Squares
This table presents regression results of Equation (1) using Ordinary Least Squares. Column 1 presents results for the full sample. Columns 2 and 3 present results after partitioning sample observations into high contest risk and low contest risk merger groups respectively. *High Contest Risk* mergers are classified as all mergers between firms in the same product market as defined by Hoberg and Phillips (2010, 2016) or mergers involving firms in the top quartile of significant supply chain link industry pairs based on the Ahern and Harford (2014) methodology and *Low Contest Risk* mergers are all other mergers. All variables are defined in Appendix B. *t*-statistics are in parentheses. Standard errors are Huber-White sandwich estimator clustered at the state level. All specifications include acquirer industry, target industry, state, and year fixed effects. Statistical significance at the 1%, 5%, and 10% levels is denoted by ***, **, and *, respectively.

	(1)	(2)	(3)
	All	High Contest Risk	Low Contest Risk
Dependent variable:		Outcome	
Constant	1.034***	0.535*	1.332***
	(3.05)	(1.83)	(2.67)
JudiciaryCom_acq	-0.005*	-0.008**	-0.001
	(-1.90)	(-2.35)	(-1.20)
JudiciaryCom_tar	0.003	0.005**	0.001
	(1.36)	(2.29)	(0.28)
Lobbying_DOJFTC_acq	-0.017***	-0.035***	-0.006
	(-2.99)	(-3.89)	(-0.75)
Lobbying_DOJFTC_tar	0.048**	0.075**	0.050***
	(2.44)	(2.06)	(6.15)
Connect_DOJFTC_acq	-0.027	-0.139	-0.008
	(-0.28)	(-0.79)	(-0.07)
Connect_DOJFTC_tar	0.074	0.112	0.004
	(0.68)	(0.82)	(0.02)
Value	0.067*	0.097**	0.032
	(1.79)	(2.02)	(1.52)
IndustryHHI_acq	3.530***	5.414***	3.089**
	(4.01)	(5.98)	(2.39)
Total_MktShare	0.033	0.050	0.016
	(1.14)	(1.62)	(1.56)
Relative_Size	-0.097	-0.254**	-0.185
	(-1.50)	(-2.02)	(-1.58)
Acquirer Industry, Target Industry, State, and Year Fixed Effects?	*Yes*	*Yes*	*Yes*
Observations	1,013	547	466
F-test:			
|*JudiciaryCom_acq*| = |*JudiciaryCom_tar*|	0.68	1.10	0.03
Pseudo/Adjusted R^2	0.267	0.334	0.311

Table IA.2.3: Main Regressions Without Early Termination Outcome Mergers
This table presents regression results of Equations (1) and (2) after excluding mergers that receive an Early Termination antitrust clearance. *High Contest Risk* mergers are all mergers between firms in the same product market as defined by Hoberg and Phillips (2010, 2016) or mergers involving firms in the top quartile of significant supply chain link industry pairs based on the Ahern and Harford (2014) methodology and *Low Contest Risk* mergers are all other mergers. All variables are defined in Appendix B. *z*-statistics (*t*-statistics) are in parentheses. Standard errors are Huber-White sandwich estimator clustered at the state level. All specifications include acquirer industry, target industry, state, and year fixed effects. Statistical significance at the 1%, 5%, and 10% levels is denoted by ***, **, and *, respectively.

	(1)	(2)	(3)	(4)	(5)	(6)
	All	High Contest Risk	Low Contest Risk	All	High Contest Risk	Low Contest Risk
Dependent variable:		Outcome			Duration	
Constant	-	-	-	3.962***	2.890***	3.762***
				(9.16)	(3.12)	(7.57)
JudiciaryCom_acq	-0.011**	-0.049***	-0.011	-0.012**	-0.015**	-0.003
	(-2.22)	(-2.81)	(-1.20)	(-2.17)	(-2.55)	(-0.87)
JudiciaryCom_tar	0.030**	0.100***	0.042**	0.008*	0.011***	0.004
	(2.09)	(2.84)	(1.99)	(1.89)	(2.78)	(1.55)
Lobbying_DOJFTC_acq	-0.076***	-0.210***	-0.040	-0.033*	-0.036	-0.030
	(-2.20)	(-2.98)	(-1.20)	(-1.76)	(-1.45)	(-1.32)
Lobbying_DOJFTC_tar	0.210**	0.269***	0.170	0.075**	0.094**	0.072*
	(2.52)	(3.81)	(1.60)	(2.55)	(2.12)	(1.95)
Connect_DOJFTC_acq	-0.600	-0.769	-0.527	-0.216	-0.280	-0.190
	(-1.33)	(-1.43)	(-1.22)	(-1.18)	(-1.07)	(-1.28)
Connect_DOJFTC_tar	0.658	0.740*	0.497*	0.109	0.354**	0.053
	(1.56)	(1.66)	(1.94)	(1.49)	(2.19)	(0.20)
Value	0.388***	0.572**	0.446***	0.072**	0.059*	0.057
	(4.86)	(2.45)	(5.15)	(2.13)	(1.93)	(1.49)
IndustryHHI_acq	6.055	12.716***	8.308	1.303	2.302	0.892
	(1.41)	(3.08)	(0.94)	(0.96)	(1.06)	(0.86)
Total_MktShare	0.464	0.518	0.365	0.170	0.230	0.116
	(0.55)	(0.23)	(0.19)	(1.36)	(1.52)	(1.22)
Relative_Size	-0.002	-0.005**	-0.001	-0.005	-0.006	-0.005
	(-1.45)	(-2.26)	(-0.99)	(-0.63)	(-0.91)	(-0.55)
Acquirer Industry, Target Industry, State, and Year Fixed Effects?	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*
Observations	534	252	282	526	247	279
F-test:|JudiciaryCom_acq| = |JudiciaryCom_tar|	3.13*	3.37*	3.63*	0.66	0.64	0.11
Pseudo/Adjusted R^2	0.435	0.693	0.434	0.239	0.326	0.093

Internet Appendix IA.3: Tests Using Garcia and Norli (2012) Methodology to Link Firms and Politicians

Our tests implicitly assume that a firm's headquarters location is also their primary place of operation and potential job losses would be at that location. If firms' human capital resources are predominantly located in a different location to the headquarters location, then the linked judiciary committee representatives for the headquarters location are unlikely to have reelection related incentives to influence the merger antitrust outcomes. This is because any job losses from the merger are likely to occur outside the politician's constituency.

In order to address this measurement concern, we examine each of our sample merger firms' state-wise operational dispersion based on a measure developed by Garcia and Norli (2012). The measure captures the number of times a state is mentioned in a firm's 10-K filing as a proxy for the relative importance of that state in the firm's operational portfolio. A simple example is Boeing Corp. In 2006, its 10-K filing identifies six unique states. These states correspond to the firm's headquarters in Illinois and the manufacturing facilities in Washington, South Carolina, Missouri, Kansas, and Oklahoma. However, 50% of all state mentions in the 10k are Washington, which is Boeing's primary manufacturing facility.

In order to examine whether our main results using headquarters location are subject to bias, we first examine the correlation between a firm's headquarters state and the firm's primary state for its operations. The primary state for a firm's operations is measured as the state with the largest number of mentions in the 10-K in the year prior to the merger. We find that for 88% of our sample acquirers and targets, the firm headquarters state is identical to the primary state for the firm's operations. The results are qualitatively similar to those tabulated in the paper when we conduct empirical tests use the state of primary operations state rather than the state of headquarters location for 12% of sample acquirers and targets (See Table IA.3 below).

Table IA.3: Using State With The Most Number of Mentions to Identify Primary State of Judiciary Committee Representation

This table presents regression results for an examination of the association between the power of a merger party's judiciary committee representation and merger antitrust review outcomes. Merger parties are linked to judiciary committee members based on the state with the most number of mentions in the firm's 10-K filings in the year prior to the merger. The dependent variable is set to either a categorical variable capturing the merger regulatory review outcome (*Outcome*) using an ordered probit model or the length of the antitrust review in logged days (*Duration)* using OLS. *High Contest Risk* mergers are all mergers between firms in the same product market as defined by Hoberg and Phillips (2010, 2016) or mergers involving firms in the top quartile of significant supply chain link industry pairs based on the Ahern and Harford (2014) methodology and *Low Contest Risk* mergers are all other mergers. All variables are defined in Appendix B. *z*-statistics (*t*-statistics) are in parentheses. Standard errors are Huber-White sandwich estimator clustered at the state level. All specifications include acquirer industry, target industry, state, and year fixed effects. Statistical significance at the 1%, 5%, and 10% levels is denoted by ***, **, and *, respectively.

	(1) High Contest Risk	(2) Low Contest Risk	(3) High Contest Risk	(4) Low Contest Risk
Dependent variable:	Outcome		Duration	
Constant	-	-	3.660***	4.309***
			(6.35)	(10.20)
JudiciaryCom_acq	-0.015***	-0.004	-0.016**	-0.008
	(-2.66)	(-1.36)	(-2.52)	(-1.23)
JudiciaryCom_tar	0.008**	0.002	0.012**	0.004
	(2.31)	(1.13)	(2.39)	(1.10)
Lobbying_DOJFTC_acq	-0.050***	-0.029	-0.028	-0.015
	(-2.93)	(-1.35)	(-1.20)	(-1.45)
Lobbying_DOJFTC_tar	0.122***	0.122	0.070	0.062
	(3.33)	(1.55)	(1.30)	(1.40)
Connect_DOJFTC_acq	-0.180	-0.025	-0.411	-0.172
	(-0.99)	(-0.11)	(-1.10)	(-1.22)
Connect_DOJFTC_tar	0.233	0.030	0.301**	0.120
	(0.73)	(0.09)	(2.39)	(0.99)
Value	0.216**	0.130*	0.055***	0.030
	(2.30)	(1.69)	(2.60)	(0.99)
IndustryHHI_acq	11.282***	8.569***	1.226	1.525
	(2.62)	(3.09)	(1.30)	(1.30)
Total_MktShare	0.239	0.105	0.165	0.065
	(1.28)	(1.11)	(1.50)	(1.28)
Relative_Size	-0.010**	-0.001*	-0.010	-0.010**
	(-2.16)	(-1.75)	(-1.30)	(-2.35)
Acquirer Industry, Target Industry, State, and Year Fixed Effects?	*Yes*	*Yes*	*Yes*	*Yes*
Observations	547	466	543	463
F-test:|*JudiciaryCom_acq*| = |*JudiciaryCom_tar*|	2.24	0.68	0.49	0.58
Pseudo/Adjusted R^2	0.328	0.290	0.269	0.142

Internet Appendix IA.4: Alternate Measures of Judiciary Committee Representation

A limitation of the *JudiciaryCom* measure used in our main tests is that it imperfectly captures differences in the strength of a firm's representation. For instance, firm A with two judiciary committee members of 10 years and 11 years (i.e., a total of 21 years) is treated the same as firm B with two committee members of 20 years and 1 year. It may be the case that firm B's senior member is more likely to be able to influence antitrust outcomes than either of firm A's members. Alternatively, due to differences in the average tenure of Senators and Representatives, a Senator with 10 years of service may be as influential as a Representative with 5 years of service. In order to address these concerns, we check that our results are robust to two alternate judiciary committee representation proxies.

First, we develop a measure of judiciary committee power that is a continuous yearly variable for the total number of judiciary committee members (*JudiciaryCom_num*) that represents an acquirer or target. This variable captures the possibility that committee influence may stem from "power in numbers" - merger parties with representation on both judiciary committees can enjoy greater cohesive influence over antitrust agency actions. Second, we create an indicator variable set to one when an acquirer or target is located in a state and/or district that has at least one Senator and/or Representative in the top quartile of judiciary committee member seniority for that year, and zero otherwise (*JudiciaryCom_dum*).

In Table IA 4.1 and 4.2, we present results from tests of equations (1) and (2) using the two alternative measures of an acquirer's or target's judiciary committee representation. The results are consistent with the results in the paper using *JudiciaryCom*. The results in Table IA 4.1 indicate that for hostile mergers that are high contest risk deals, the number of congressional members is economically significant. A one-person increase in an acquirer's (target's) judiciary committee representation is associated with a 40.2% (38.5%) increased (decreased) probability of obtaining an early termination outcome and is associated with a 3.5 (10.3) day decrease (increase) in the duration of the review, relative to other mergers.

In Table IA.4.2 we find that for high contest risk hostile mergers, deals in which the acquirer (target) has judiciary committee representation in the top quartile of judiciary committee seniority are 79% (275%) more (less) likely to receive an early termination antitrust review outcome and take 13 (11.2) fewer (more) days to be reviewed, relative to other mergers. In sum, the results using these alternate measures are consistent with the primary findings and suggest our results are not driven by a judiciary committee representation measurement decision.

Table IA.4.1: Judiciary Committee Representation Count for Merger Parties

This table present regression analyses examining the association between the seniority of a merger party's judiciary committee representation and merger antitrust review outcomes using variables to measure an acquirer's or target's total number of judiciary committee representatives. The dependent variable is set to a categorical variable capturing the merger regulatory review outcome (*Outcome*) using an ordered probit model or the length of the antitrust review in logged days (*Duration)* using OLS. We present regression results for subsamples of mergers after partitioning on whether the merger party is likely to have high or low demand for political involvement in the antitrust review process because of concerns about regulatory obstacles (*High Contest Risk* and *Low Contest Risk* respectively). *High Contest Risk* mergers are all mergers between firms in the same product market as defined by Hoberg and Phillips (2010, 2016) or mergers involving firms in the top quartile of significant supply chain link industry pairs based on the Ahern and Harford (2014) methodology and *Low Contest Risk* mergers are all other mergers. We also partition sample mergers based on whether a deal is classified as *Hostile* or *Friendly* based on data from Thomson Reuters. All variables are defined in Appendix B. z-statistics (t-statistics) are in parentheses. Standard errors are Huber-White sandwich estimator clustered at the state level. All specifications include acquirer industry, target industry, state, and year fixed effects. Statistical significance at the 1%, 5%, and 10% levels is denoted by ***, **, and *, respectively.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Hostile				Friendly			
	High Contest Risk	Low Contest Risk	High Contest Risk	Low Contest Risk	High Contest Risk	Low Contest Risk	High Contest Risk	Low Contest Risk
Dependent variable:	Outcome		Duration		Outcome		Duration	
Constant	-	-	4.233***	2.213	-	-	3.433***	3.971***
			(3.66)	(1.30)			(13.69)	(4.33)
JudiciaryCom_num_acq	-0.616***	-0.155*	-0.152***	-0.031	-0.047*	-0.021	-0.033	-0.019
	(-2.62)	(-1.88)	(-2.62)	(-1.01)	(-1.78)	(-1.10)	(-1.06)	(-0.55)
JudiciaryCom_num_tar	0.371**	0.138**	0.440***	0.047	-0.080*	-0.116	-0.056	-0.033
	(2.13)	(2.16)	(2.72)	(0.49)	(-1.80)	(-0.57)	(-1.31)	(-0.56)
Lobbying_DOJFTC_acq	-0.822***	-0.233	-0.133	-0.017	-0.070***	-0.061	-0.011	-0.009
	(-2.61)	(-1.42)	(-1.23)	(-1.11)	(-2.88)	(-1.55)	(-1.20)	(-0.88)
Lobbying_DOJFTC_tar	0.162***	0.092	0.100	0.039	-0.130**	-0.022*	0.041	0.021
	(3.03)	(1.33)	(0.82)	(0.96)	(-2.20)	(-1.82)	(0.89)	(1.31)
Connect_DOJFTC_acq	-0.191***	-0.122**	-0.162	-0.098	-0.181	-0.185*	-0.085	-0.162
	(-3.22)	(2.40)	(-1.20)	(-0.87)	(-0.40)	(-1.90)	(-0.37)	(-0.90)
Connect_DOJFTC_tar	0.209***	0.155**	0.103	0.103	-0.711**	-0.552	-	-0.211
	(2.91)	(2.50)	(0.20)	(1.23)	(-2.22)	(-1.51)	(-2.62)	(-0.82)
Value	0.201**	0.065	0.068*	0.032	0.193**	0.048	0.050**	0.030
	(2.33)	(1.32)	(1.88)	(1.11)	(2.06)	(1.52)	(2.10)	(0.79)
IndustryHHI_acq	20.577**	15.002***	1.533*	1.209	13.933**	10.911***	3.102	1.176
	(2.21)	(2.72)	(1.85)	(1.22)	(2.48)	(2.67)	(1.23)	(1.22)
Total_MktShare	0.222*	0.176	0.222	0.182	0.190*	0.153	0.162	0.112
	(1.79)	(1.57)	(1.46)	(1.26)	(1.70)	(1.37)	(1.55)	(1.06)
Relative_Size	-0.019***	-0.005	-0.053	-0.083	-0.000	-0.001	-0.018	-0.033*
	(-3.03)	(-0.85)	(-1.10)	(-1.33)	(-0.77)	(-0.71)	(-1.36)	(-1.73)
Acquirer Industry, Target Industry, State, and Year Fixed Effects?	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*
Observations	126	127	125	125	355	405	353	403
F-test: |*JudiciaryCom_num_acq*| = |*JudiciaryCom_num_tar*|	1.40	0.05	5.62**	0.05	12.07***	0.90	5.66**	1.16
Pseudo/Adjusted R^2	0.276	0.657	0.210	0.121	0.277	0.527	0.217	0.130

Table IA.4.2: Dummy Variable to Capture Merger Parties With Senior Judiciary Committee Representation

This table present regression analyses examining the association between the seniority of a merger party's judiciary committee representation and merger antitrust review outcomes using dummy variables to measure whether acquirers or targets have at least one representative in the top quartile of committee seniority. The dependent variable is set to a categorical variable capturing the merger regulatory review outcome (*Outcome*) using an ordered probit model or the length of the antitrust review in logged days (*Duration)* using OLS. We present regression results for subsamples of mergers after partitioning on whether the merger party is likely to have high or low demand for political involvement in the antitrust review process because of concerns about regulatory obstacles (*High Contest Risk* and *Low Contest Risk* respectively). *High Contest Risk* mergers are all mergers between firms in the same product market as defined by Hoberg and Phillips (2010, 2016) or mergers involving firms in the top quartile of significant supply chain link industry pairs based on the Ahern and Harford (2014) methodology and *Low Contest Risk* mergers are all other mergers. We also partition sample mergers based on whether a deal is classified as *Hostile* or *Friendly* based on data from Thomson Reuters. All variables are defined in Appendix B. z-statistics (t-statistics) are in parentheses. Standard errors are Huber-White sandwich estimator clustered at the state level. All specifications include acquirer industry, target industry, state, and year fixed effects. Statistical significance at the 1%, 5%, and 10% levels is denoted by ***, **, and *, respectively.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Hostile				Friendly			
	High Contest Risk	Low Contest Risk	High Contest Risk	Low Contest Risk	High Contest Risk	Low Contest Risk	High Contest Risk	Low Contest Risk
Dependent variable:	Outcome		Duration		Outcome		Duration	
Constant	-	-	4.166***	1.630**	-	-	4.789***	4.105***
			(4.10)	(2.25)			(22.62)	(4.30)
JudiciaryCom_dum_acq	-2.670**	-0.333*	-0.572***	-0.268	-0.141	-0.077	-0.160*	-0.071
	(-2.50)	(-1.88)	(-2.60)	(-1.26)	(-1.30)	(-1.40)	(-1.77)	(-1.30)
JudiciaryCom_dum_tar	1.602**	0.366*	0.502**	0.115	-0.253	-0.220	-0.160*	-0.085
	(2.22)	(1.85)	(2.11)	(0.69)	(-1.34)	(-1.23)	(-1.79)	(-1.17)
Lobbying_DOJFTC_acq	-0.833***	-0.255	-0.011	-0.224	-0.077***	-0.077*	-0.011	-0.003
	(-2.75)	(-1.08)	(-0.93)	(-1.27)	(-3.09)	(-1.81)	(-1.13)	(-0.30)
Lobbying_DOJFTC_tar	0.133**	0.106	0.107	0.032	-0.133**	-0.030*	0.040	0.023
	(2.00)	(1.30)	(1.10)	(1.19)	(-2.40)	(-1.83)	(1.31)	(0.69)
Connect_DOJFTC_acq	-0.188***	-0.122**	-0.161	-0.102	-0.181	-0.182*	-0.081	-0.169
	(-3.21)	(2.40)	(-1.22)	(-0.88)	(-0.43)	(-1.90)	(-0.39)	(-0.98)
Connect_DOJFTC_tar	0.211***	0.160**	0.113	0.115	-0.711**	-0.555	-0.291***	-0.198
	(2.92)	(2.53)	(0.17)	(1.33)	(-2.26)	(-1.55)	(-2.68)	(-0.75)
Value	0.166**	0.072	0.073**	0.089	0.206**	0.055	0.042*	0.030
	(2.21)	(1.35)	(2.41)	(1.27)	(2.02)	(1.59)	(1.90)	(0.29)
IndustryHHI_acq	22.562**	21.502***	4.233	1.250	14.622**	12.245***	2.700	1.255
	(2.13)	(4.16)	(1.45)	(1.19)	(2.32)	(3.11)	(1.12)	(1.20)
Total_MktShare	0.220*	0.188	0.200	0.171	0.189*	0.160	0.156	0.090
	(1.72)	(1.60)	(1.35)	(1.01)	(1.76)	(1.33)	(1.51)	(0.83)
Relative_Size	-0.018***	-0.003	-0.080	-0.102	0.000	-0.001	-0.013	-0.036**
	(-3.23)	(-0.51)	(-0.36)	(-0.69)	(0.80)	(-0.66)	(-0.98)	(-2.19)
Acquirer Industry, Target Industry, State, and Year Fixed Effects?	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*
Observations	126	127	125	125	355	405	353	403
F-test: |*JudiciaryCom_num_acq*| = |*JudiciaryCom_num_tar*|	1.37	0.03	0.09	0.64	6.55**	5.04**	12.67***	5.89**
Pseudo/Adjusted R^2	0.251	0.655	0.199	0.119	0.274	0.525	0.219	0.130

Internet Appendix IA.5 Alternative Specification for Judiciary Committee Turnover Tests

Table IA.5: Regressions Using All Judiciary Committee Turnover Cases
This table presents regression results for an examination of the association between an acquirer's judiciary committee representation and merger antitrust review outcomes around turnover shocks to an acquirer's judiciary committee representation based on all 54 turnover cases (i.e. including turnover cases for reasons other than death/illness or committee transfers). The dependent variable is set to a categorical variable capturing the merger regulatory review outcome (*Outcome*) using an ordered probit model or the length of the antitrust review in logged days (*Duration)* using OLS. All variables are defined in Appendix B. z-statistics (t-statistics) are in parentheses. Standard errors are Huber-White sandwich estimator clustered at the state level. All specifications include acquirer industry, target industry, state, and year fixed effects. Statistical significance at the 1%, 5%, and 10% levels is denoted by ***, **, and *, respectively.

	(1)	(2)
Dependent variable:	Outcome	Duration
Constant	-	4.237***
		(5.05)
Treatment	0.230	0.123
	(1.02)	(1.23)
Post	0.352*	0.080
	(1.89)	(1.50)
Treatment * Post	0.223*	0.035*
	(1.75)	(1.87)
JudiciaryCom_acq	-0.006	-0.003
	(-0.67)	(-1.22)
JudiciaryCom_tar	0.003	0.001
	(0.50)	(0.20)
Lobbying_DOJFTC_acq	-0.066***	-0.039***
	(-2.78)	(-2.66)
Lobbying_DOJFTC_tar	0.092	0.072*
	(1.60)	(1.69)
Connect_DOJFTC_acq	-0.100	-0.154
	(-0.60)	(-0.99)
Connect_DOJFTC_tar	0.140	0.150
	(1.05)	(0.98)
Value	0.092*	0.045**
	(1.68)	(2.02)
IndustryHHI_acq	3.778***	0.782
	(3.23)	(1.59)
Total_MktShare	0.133	0.109
	(1.22)	(1.11)
Relative_Size	-0.002	-0.003
	(-1.43)	(-1.38)
Acquirer Industry, Target Industry, State, and Year Fixed Effects?	*Yes*	*Yes*
Observations	832	825
Pseudo/Adjusted R^2	0.138	0.125