# Political Influence and Merger Antitrust Reviews*

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**ABSTRACT**

We document that firms in the constituencies of powerful U.S. politicians that oversee antitrust regulators receive favorable mergers and acquisitions antitrust review outcomes. To establish identification, we exploit a subset of politician turnover events that are plausibly exogenous as well as a falsification test using powerful politicians with no jurisdiction over antitrust regulators. Politician incentives to influence merger antitrust review outcomes appear to be driven by lobbying, contributions, and prior business connections. Our findings suggest that merger antitrust reviews are not independent of self-serving political intervention.

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

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

A growing body of cross-disciplinary research examines whether firms can use political connections to obtain economic favors.[1] Despite the breadth of this literature, there is relatively little evidence documenting whether firms can use the political process to influence regulatory antitrust reviews of corporate mergers and acquisitions (hereafter "*mergers*"). This is surprising because mergers are one of the most important and economically significant corporate activities that firms can undertake (Harford and Li, 2007) and antitrust regulatory approval is a critical hurdle for merging parties to overcome before a merger can be consummated. Our objective in this paper is to provide evidence on this issue. In particular, we investigate whether antitrust outcomes for mergers in the U.S. are relatively more favorable for acquirers and/or targets that are politically connected.

It is not obvious ex ante that merger antitrust review outcomes are susceptible to political interference. The merger antitrust review process is highly technical and specialist lawyers and economists at the US Department of Justice (DOJ) or the Federal Trade Commission (FTC) obtain detailed confidential information from the merger parties and conduct extensive economic analyses to evaluate the competitive consequences of the merger. 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. In addition, politicians concerned about reelections may be unwilling to support mergers that result in adverse effects for their constituencies such as job losses or higher prices for goods and services because of reduced competition. House and Senate congressional committees regularly hold hearings and meetings to discuss antitrust regulation and evaluate proposed mergers.[2]

Despite these frictions, the economic importance of mergers and the potential cost of break

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[1] 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).

[2] For example, Senate Committee on the Judiciary meeting records indicate that the committee held 72 distinct meetings between 2002 and 2010 to specifically discuss mergers and antitrust issues (see: https://www.judiciary.senate.gov/hearings).

up fees if a merger fails means managers have strong incentives to exploit political channels to help obtain favorable merger antitrust review outcomes. We exploit the fact that for some mergers, acquirers and/or targets are constituents of U.S. Senators and House Representatives that serve on the U.S. congressional committees charged with oversight of U.S. antitrust regulators. The two committees are the House Judiciary Committee and the Senate Committee on the Judiciary (hereafter "*judiciary committees*").

Judiciary committee members have both the *ability* and *motivation* to influence antitrust 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).

Although judiciary committee member efforts to influence antitrust regulators are unlikely to be explicit or observable to researchers, empirical and anecdotal evidence supports congressional control theory.[3] 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. A limitation of these studies is that they

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[3] Anecdotal comments by former SEC Chairman Arthur Levitt provide an example of how congressional committee members can exert power over regulators:
*"[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)

suffer from selection biases because researchers cannot observe cases that were not investigated. In contrast, an important advantage of our setting is that because antitrust laws mandate that regulators review all mergers that meet certain size thresholds, we avoid selection issues related to a regulator's choice of regulation and can instead focus on the consequences of political factors on regulatory outcomes.

Politicians serving on judiciary committees also have conflicting incentives to influence merger antitrust reviews. On the one hand, capture theory (Stigler, 1971; Laffont and Tirole, 1991) suggests that politicians are motivated to influence merger antitrust reviews that involve firms with which they are connected. For instance, a congressional member connected to an acquirer (and/or a target in a friendly merger) has incentives to ensure that antitrust regulators approve the merger. However, a congressional member connected to a target in a hostile merger has incentives to pressure antitrust regulators to reject the merger.

On the other hand, the theory of electoral competition (Mayhew, 1974; Fenno, 1978) suggests that politicians have reelection related incentives to pressure antitrust regulators to *reject* merger proposals. Because politicians' primary goal is to get reelected, they will seek to prevent outcomes that decrease the probability of reelection success. One such outcome following a merger is employment 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). Employment losses in a politician's district or state have adverse effects on the politician's popularity and re-election prospects because voters have more information about the merger's localized effects (Posner, 1970). Another outcome relates to the adverse effect of merger on market competition and price competition. Given these two competing incentives for judiciary committee members, the net effect of their influence on merger antitrust outcomes is an empirical question.

Using a large sample of U.S. firm mergers between 1998 and 2010, we find evidence

suggesting that antitrust review outcomes are systematically more favorable for mergers involving firms that are constituents of judiciary committee members. Furthermore, the effects of political links are most pronounced in the subset of mergers that are the most anti-competitive and will therefore likely face the most regulatory scrutiny. 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. 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 in 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. Second, regulators do reduce the scope of the antitrust review but delay releasing the outcome of the review in order 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 one hand, capture theory implies that judiciary committee members seek to ensure antitrust 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

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targets, powerful judiciary committee representation is associated with lengthier reviews and a higher likelihood of regulatory obstacles. The results are the opposite for friendly merger targets. Powerful judiciary committee representation is associated with shorter antitrust reviews and a lower likelihood of regulatory obstacles.

To address identification, we exploit plausibly exogenous judiciary committee turnover cases and use a difference-in-differences framework to examine whether shocks to merger party representation affects antitrust review outcomes. We find evidence consistent with a causal relation between judiciary committee membership turnover and merger antitrust outcomes. In addition, we undertake a falsification test by replacing politicians serving on judiciary committees with politicians serving on other powerful but unrelated congressional committees. We find no statistical evidence that acquirer or target political representation on one of these other committees is associated with merger antitrust review outcomes. The findings from the falsification test 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).

Finally, 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 and the FTC or DOJ are all statistically associated with favorable antitrust review outcomes.

Our study makes three main contributions. First, our findings are relevant to a developing literature in financial economics that examines the consequences of corporate links to other congressional committees. Recent studies find that links to congressional committees in the U.S.

House and Senate are associated with favorable accounting rule changes (Ramanna, 2008), efficient timing of investment activities because of access to private information about tax rule changes (Wellman, 2017), fewer IRS audits (Hunter and Nelson, 1995; Young et al. 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 complements this prior work by examining the effect of corporate links to two powerful congressional committees that have not been explicitly examined in prior studies.

Our study is also related for the literature on mergers and acquisitions. Existing work largely focuses on the causes and consequences of mergers and the determinants of deal value (see Haleblian, Devers, McNamara, Carpenter, and Davison, 2009; and Cartwright and Schoenberg, 2006 for reviews of this literature). Our study complements the literature by examining the merger process and in particular, how managers can use the political process to influence antitrust reviews.

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). We identify a novel mechanism that can be used by targets of hostile takeover attempts to help ward off unwanted suitors: relationships with politicians that serve on judiciary committees. Our identification of a politically-related takeover defense mechanism is especially important to a debate about whether alternative defense mechanisms such as poison pills only serve to enhance takeover premiums and do not reduce the completion rate of takeover attempts (Comment and Schwert, 1995; Heron and Lie, 2015).

## 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 primary objective of merger antitrust reviews is to protect consumers. 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 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]

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[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

**1.2 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 either the FTC or DOJ to 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" of 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 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 discuss the construction of key variables (Subsection 2.2) and outline the

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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).

methodology used in empirical tests (Subsection 2.3).

**2.1 Data**

We obtain data on M&As from Thomson Reuters for the period from 1998 to 2010. We start

our sample period because political contributions and lobbying data is not available before this date

and end our sample period in 2010 because congressional committee representation data is not

available after this date. We use all announced M&A transactions and delete cases in which 1) the

acquirer does not obtain 100% ownership of the target following the merger; 2) either the acquirer

and target are not publicly listed because of data availability limitations; 3) the merger does not meet

the minimum size threshold requirement for antitrust reviews; 4) the merger attempt is dropped prior

to the completion of an antitrust review;[6] and 5) either the acquirer or target has a non-U.S.

headquarters location because of the unclear link between those firms and U.S. politicians serving on

judiciary committees.[7] We also 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's

website and link politicians to firms based on the acquirer and target firm headquarters locations.[8]

We link U.S. Senators to acquirers and targets based on whether a firm is headquartered in a

Senator's state and link U.S. Representatives to merger parties based on whether the firm is located

in a ZIP Code that is within a Representative's congressional district. We identify firm headquarters

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[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.

[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

using the M&A file in Thompson Reuters rather than from Compustat, which only provides the most current (i.e., non-historical) firm location data.

A possible measurement issue 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 most affected by possible job losses from a merger. To check that our empirical results are not affected by this measurement choice, we obtain data on firms' state-level operational dispersion as used in Garcia and Norli (2012) and match firms to judiciary committee members in their primary state of operation rather than the state of the headquarters. We find that 88% of our sample have the same headquarters location and primary state of operation. The results tabulated in the Internet Appendix indicate that our primary inferences are unchanged using this alternate approach to identify links between firm location and judiciary committee members.

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. For each politician, we collect data on the duration of service in the House or the Senate, committee membership assignments, committee membership appointment dates and service period, and party affiliation. The data also allow us to determine a politician's committee-level 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. A limitation of existing lobbying disclosure rules is that we cannot identify lobbying at the politician level. 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 sample period is from 1998 to 2010 due to the limited availability of lobbying and congressional committee data. Our final sample consists of 1,013 mergers that were subject to antitrust reviews during the sample window. The sample represents 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 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).

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 decrease the likelihood that the merger will be allowed to proceed without any conditions such as the divestiture of key assets. Furthermore, longer review periods reduce the viability of the merger by

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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):

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

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

We use an ordered probit regression to estimate equation (1) and OLS to estimate equation (2).[9] $Seniority_{i,t}$ 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) because 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-

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[9] 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.

digit SIC industry (*Total_MktShare*).[10] 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 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 Firms' Links to Judiciary Committee Members**

A key determinant of the value of a firm's political affiliation with a judiciary committee representation is the politician's committee seniority. Prior studies define seniority in different ways: For example, Levitt and Poterba (1999) use the seniormost 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.[11]

All the measures of judiciary committee representation 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 influential committee representation is the aggregate years of influential committee member 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.

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[10] 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.

[11] 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.

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 only (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 also check that our results are robust to two alternative measures that are discussed in the Internet Appendix.

**2.4 Proxies For The Intensity Of Demand For Political Influence**

We identify merger characteristics that are likely to influence the incentives of merger parties to obtain judiciary committee influence over merger antitrust reviews. Our first proxy is the expected effect of the merger on market competition. Mergers that will reduce market competition (and thus potentially have net negative effects for consumers in the form of higher prices or reduced innovation) face relatively more antitrust scrutiny and are less likely to receive unconditional antitrust clearance relative to other mergers. We identify mergers that are likely to reduce market competition and face more scrutiny if they fit 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.[12]

We classify mergers that fit into one of these two criteria as *High Scrutiny* mergers and

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[12] 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).

classify all other mergers as *Low Scrutiny*. From the merger parties' perspective, high scrutiny 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. Politicians can likely influence antitrust reviews of low scrutiny mergers at potentially smaller electoral cost than for high scrutiny mergers but low scrutiny mergers may also have lesser need for political intervention if there is a relatively small effect of the merger on market competition (which is a primary concern for antitrust regulators). The total sample of 1,013 mergers represents 547 (54%) high scrutiny mergers and 466 (46%) low scrutiny mergers.[13]

Our second proxy to capture the incentives of merger parties to obtain judiciary committee influence over merger antitrust reviews is whether the merger is hostile or friendly based on 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.[14] 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

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[13] We check that our results are robust to two alternative classifications of high scrutiny mergers. First, we reclassify high scrutiny mergers to consist of just the 561 same-industry horizontal mergers. Second, we reclassify high scrutiny 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 scrutiny 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 suggests that our results are not sensitive to the classification of high scrutiny and low scrutiny.

[14] 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.

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 influential committee power over the sample period based on the number of consecutive 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 expenditures by the acquirer (target) that is related to antitrust agencies is $33,281 ($17,863). 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 market share (*Total_MktShare*) of the acquirer and the target is 7.7%.

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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 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). In untabulated sensitivity tests, we check that our results are robust to the removal of the most represented state, California. The top 10 states represent about 75% of the total sample of mergers. 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.

Next, Table 2 presents descriptive evidence about the average number of mergers by state partitioned by the strength of acquirer and target judiciary committee representation. Our objective is to examine whether merger intensity is affected by the judiciary committee representation for the acquirer or target. We first present 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 merger parties, we find no evidence that merger intensity differs across states with representation in the top quartile of judiciary committee representation, the other 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_HighScrutiny,* 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 driven by self-selection based on judiciary committee representation.

## 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 judiciary committee membership 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. Judiciary Committee Membership and Merger 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 negatively and significantly related to the favorability of the antitrust merger review outcome. 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 effect documented in column (1) is concentrated in the high scrutiny merger partition and statistically insignificant in the low scrutiny partition. The effect is similar for targets that have powerful judiciary committee representation and the effect is concentrated in the high scrutiny partition. 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%) decrease (increase) in the probability that a high scrutiny merger application receives an early termination decision, relative to other review outcomes.

The results 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 scrutiny mergers. 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 scrutiny 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 scope of the antitrust review analysis; or 2) regulators reduce the scope of the antitrust review but delay releasing the outcome of the review in order to provide the appearance of having conducted a thorough review.

Importantly, our results are robust to the inclusion of controls to capture the effects of direct acquirer and target lobbying to antitrust regulators. This finding suggests that judiciary committee congressional representation has an incremental effect to directly lobbying antitrust agencies. *F*-tests,

indicates that acquirer and target judiciary committee representation have similar and offsetting effects on merger antitrust review outcomes.

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. First, judiciary committee members are concerned about the job losses in their district following a merger and thus have reelection related incentives to prevent mergers (Loughran and Vijh, 1997; Schuler and Jackson, 2001; Chambers and Honeycutt, 2009). Prior research finds that job losses are concentrated in the target firm's employees (Shleifer and Vishny, 1990). Second, it is possible that the association we document reflects the average effect from judiciary committee members acting in accordance with the preferences of the constituent target firm, which is consistent with a capture theory explanation. Thus, when the takeover bid is hostile, targets likely prefer that antitrust reviews be subject to more (and thus lengthier) scrutiny to help the target repel the bid or find an alternate suitor. Conversely, when the merger is friendly, targets want to ensure that the bid is 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 partition our sample based on whether the merger is friendly or hostile. Under an employment 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 story, the direction of the pressure by a target's judiciary committee representation should vary with the target's preference.

Table 3 Panel B presents 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 scrutiny and low scrutiny partitions. The evidence is consistent with a capture explanation. The effect of judiciary committee representation on merger antitrust review outcome and duration for targets differ for hostile takeovers. 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 mergers that require high scrutiny, a one standard deviation increase in a target's committee seniority is associated with a 14.1% (3.9%) increase (decrease) in the probability of obtaining an early termination antitrust review outcome when the deal is hostile (friendly) and a 13-day increase (13-day decrease) in the duration of a hostile (friendly) 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. An *F*-test 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).

Further, we present the results of the *F*-tests. For hostile mergers, acquirer and target judiciary committee representation have similar and offsetting effects on merger antitrust review outcomes, where |*JudiciaryCom_acq*| = |*JudiciaryCom_tar*| is insignificant in all four specifications. In contrast, for friendly mergers, we find that the joint effect of acquirer and target judiciary committee representation is statistically different from zero in all four specifications.

Unlike the findings for merger targets, the evidence for merger acquirers indicates *Outcome* and *Duration* are negatively related to the power of an acquirer's judiciary committee representation,

across both hostile and friendly takeovers. The findings are consistent with capture theory and 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 are statistically and economically associated with the nature and direction of the review response from antitrust regulators.

**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. Although we believe it is unlikely that politicians choose to start serving on the judiciary committee solely to advance the takeover-related preferences of companies in a particular constituency, we try to mitigate this possible concern. Our empirical specification includes state and industry fixed effects in our multivariate tests 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) does not also directly drive subsequent period antitrust outcomes for mergers in the departing politician's constituency (the

dependent variable). 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, 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 scientists document that turnover occurs for a number of reasons that 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, a critical characteristic of committee transfers is that the timing of a transfer is largely uncorrelated with state or district level events that could affect merger antitrust outcomes, implying that it is plausible 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 election losses, for non-elected public or private sector positions, or because of retirement.[15] 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. For each treatment merger case, we identify all mergers in the same quartile of both *IndustryHHI_acq* and *Value* and treat these matched mergers as the control group. 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:

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[15] 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.

$$Outcome_{i,t} = \beta_1 * Treatment_{i,t} + \beta_2 * Post_{i,t} + \beta_3 * Treatment_{i,t} * Post_{i,t} + \beta_X * Controls_{i,t}$$

$$+ \xi_{i,t} \qquad\qquad\qquad (3)$$

$$Duration_{i,t} = \alpha + \beta_1 * Treatment_{i,t} + \beta_2 * Post_{i,t} + \beta_3 * Treatment_{i,t} * Post_{i,t} + \beta_X * Controls_{i,t}$$

$$+ \xi_{i,t} \qquad\qquad\qquad (4)$$

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 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 the departure of a judiciary committee politician representative 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, $\beta_3$ , 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 (Atanissov 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 treatment firms. This indicates that the merger antitrust review outcomes for treatment firms *worsen* following the departure of a judiciary committee representative relative to that 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 likely to face high (columns 7-8) or low (columns 9-10) antitrust

scrutiny. We find evidence that for the high scrutiny 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 scrutiny mergers, consistent with our main results.

In sum, the findings in Figure 1 and Table 4 provide causal evidence of the relation between judiciary committee politician representation and merger antitrust review characteristics. Our cross-sectional tests in the table provide further support for a causal relation. 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.

Next, we conduct a falsification test to further address the possibility that our results are driven by some other unobserved factor that also leads 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).[16]

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*

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[16] 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.

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 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 politicians that serve on judiciary committees are influenced to act in their constituent interests. There are three avenues through which political connections between firms and politicians manifest: 1) the magnitude of political contributions made by firms or individuals in the firm to politicians; 2) congressional lobbying expenditures; and 3) business relationships. 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 (mean total assets is $28.7 billion) being considerably larger than that of the targets (mean total assets is $4.4 billion).

Figures 2 and 3 presents 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 business connections:

$Outcome_{i,t}$ or $Duration_{i,t} = \alpha + \beta_1 * Lobbying\_Com\_acq_{i,t} + \beta_2 * Lobbying\_Com\_tar_{i,t} + \beta_3 * Polit\_Contrib\_acq_{i,t} + \beta_4 * Polit\_Contrib\_tar_{i,t} + \beta_5 * Business\_Connect\_acq_{i,t} + \beta_6 * Business\_Connect\_tar_{i,t} + \beta_X * Controls_{i,t} + \xi_{i,t}$

(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 $t$. $Business\_Connect\_acq_{i,t}$ and $Business\_Connect\_tar_{i,t}$ 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 to 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 scrutiny 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 influential politicians. For hostile high antitrust scrutiny 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 antitrust scrutiny 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 suggests that lobbying, contributions, and connections have statistically differential effects on merger antitrust outcomes for both acquirers and targets.


## 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 year prior to a reelection campaign. 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 indicates 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.[17] 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 influential committee members into subcommittee and non-subcommittee groups and identifying each subcommittee by replacing *JudiciaryCom* variables with new subcommittee variables by adding *"_Subcom"* or *"_Nonsubcom"* respectively to *JudiciaryCom_acq* and *JudiciaryCom_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.

For our next test for differences across the House and Senate Judiciary Committes, we

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[17] 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).

estimate equations (1) and (2) after including new measures based on 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. [18]

## 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

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[18] 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.

result of explicit effort by congressional members to influence antitrust regulators or because of 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.

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## 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.[19] 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."[20] Dow Chemical consented and subsequently undertook the required actions in order to complete the merger.[21]

### 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".[22]

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[19] http://www.secinfo.com/dRqWm.4FUKc.htm.
[20] https://www.ftc.gov/news-events/press-releases/2009/01/ftc-intervenes-dow-chemicals-188-billion-acquisition-rohm-haas.
[21] http://www.reuters.com/article/us-rohmandhaas-idUSTRE53073720090401.
[22] 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.

*Business_Connect_acq* (*Business_Connect_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 M&A 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 M&A 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**
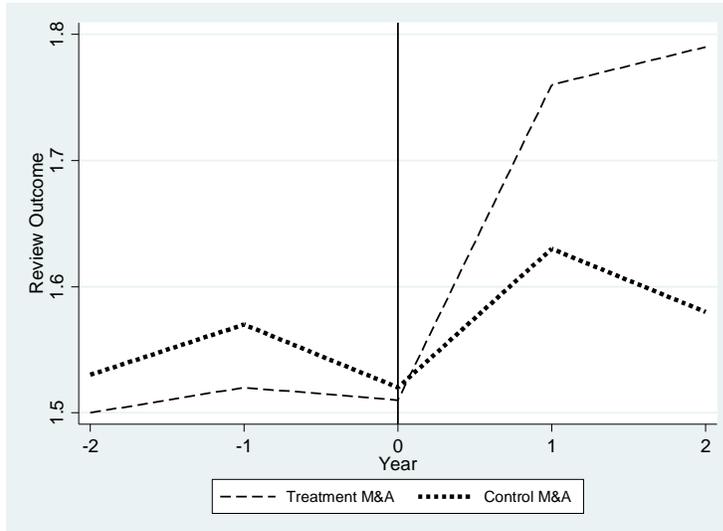


**Panel B: Pre Trends Analysis for Merger *Duration* Around Judiciary Committee Member Turnover**
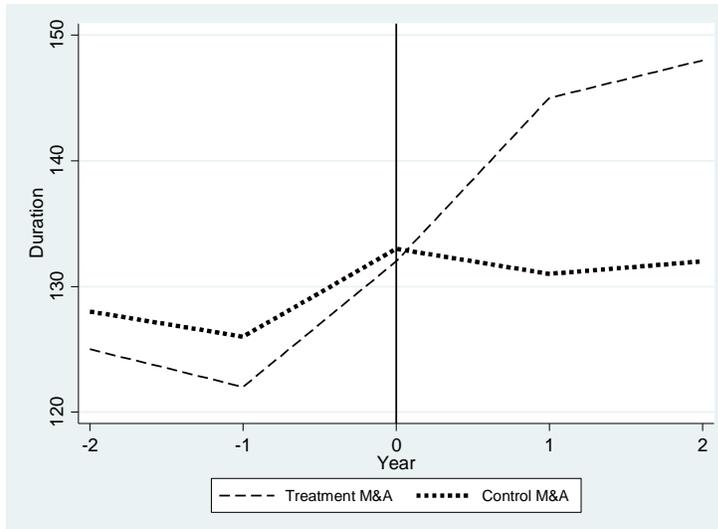
# Figure 2. Lobbying by Merger Parties to Congress and Antitrust Agencies

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
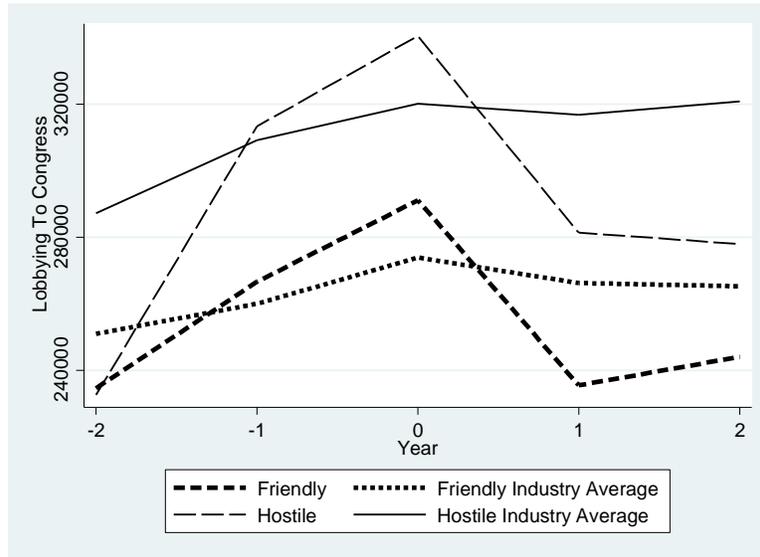


## Panel B: Acquirer Lobbying Expenditures to FTC/DOJ
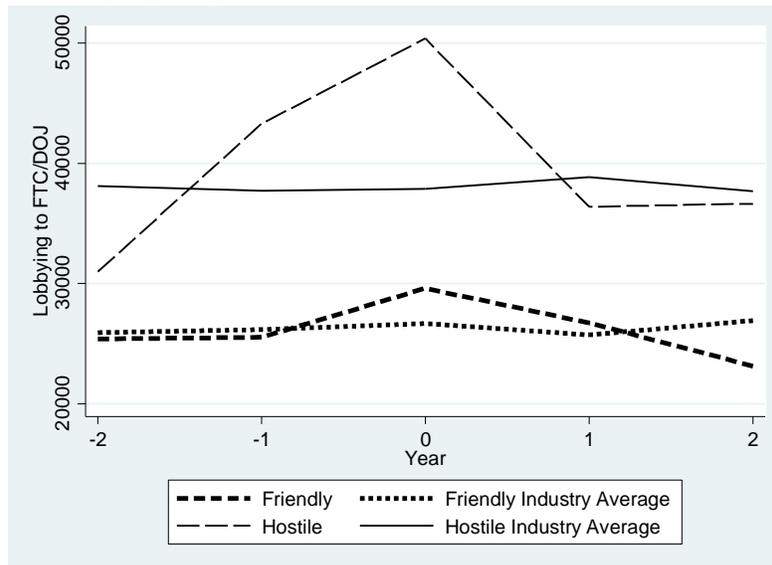
**Panel C: Target Lobbying Expenditures to Congressional Members**
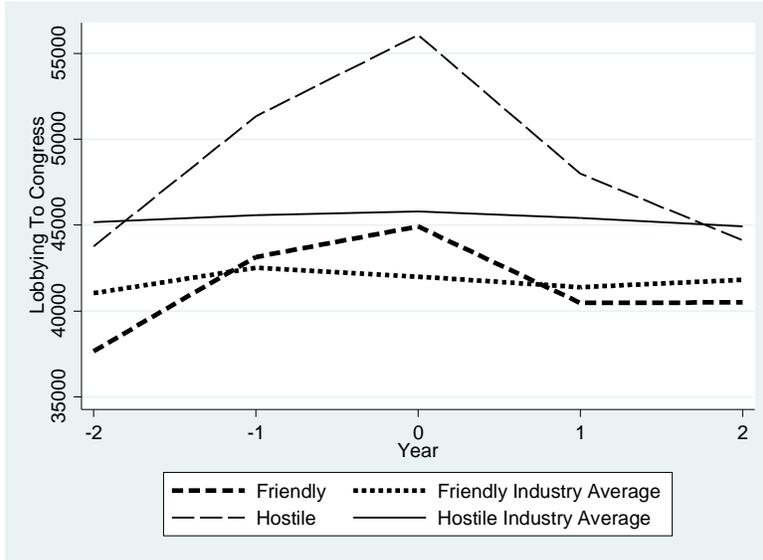


**Panel D: Target Lobbying Expenditures to FTC/DOJ**



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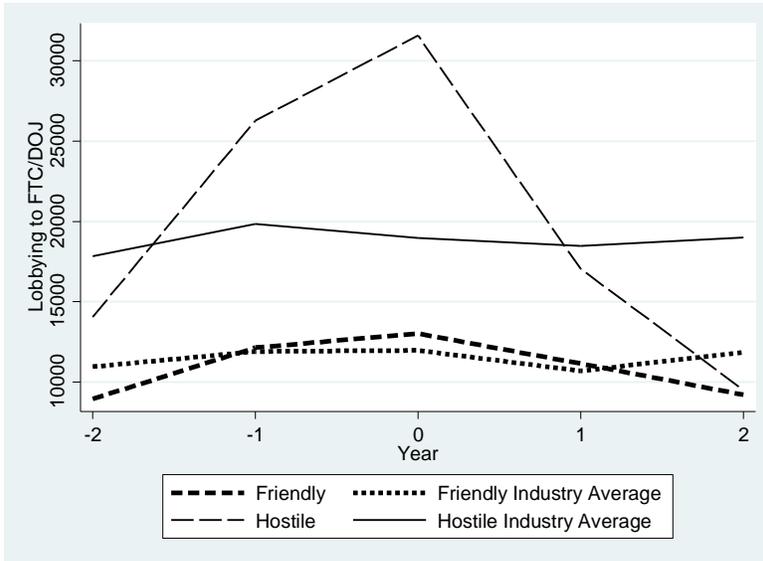
**Figure 3. Political Contributions by Merger Parties to Judiciary Committee Members**

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**
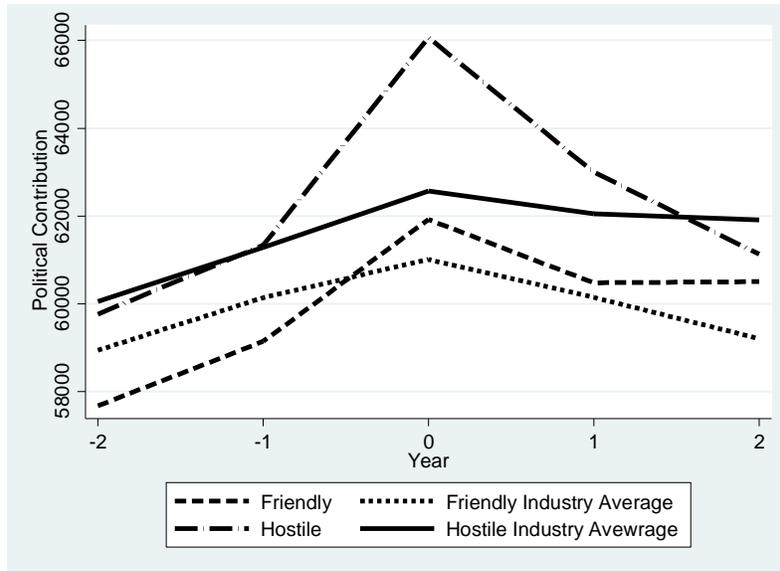


**Panel B: Target's Political Contributions to Judiciary Committee Members**
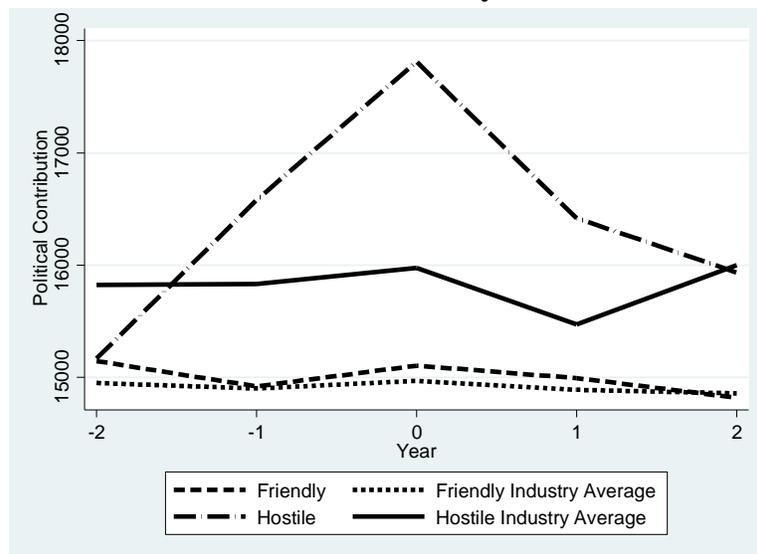
## Table 1: Descriptive Statistics

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 |
| *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: M&A 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: M&A Sample By Top 10 Acquirer and Target State Headquarters Location (*n* = 1,013)**

| Acquirer | | Target | |
|---|---|---|---|
| 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 Deals Ratios Across Judiciary Committee Representation Groups**

We present *t*-tests of differences for M&A deal intensity for acquirers and targets in states with representation in the top quartile of judiciary committee seniority (*High Seniority*), with representation in the other three quartiles of judiciary committee seniority (*Low Seniority*), without judiciary committee representation (*No Representation*). The variable *Deal Ratio* is the ratio of average acquirers or targets in a state scaled by the average total number of firms headquartered in that state. *Deal Ratio_Industry* is the ratio of average acquirers or targets in a state for an industry scaled by the average total number of same-industry firms headquartered in that state. *Deal Ratio_HighScrutiny* is the ratio of acquirers or targets in *High Scrutiny* mergers in a state scaled by the average total number of firms headquartered in that state. Mergers defined as *High Scrutiny* 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_HighScrutiny | 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_HighScrutiny | 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 regressions for sample mergers after partitioning based on a proxy to measure the merger party's need for political involvement in the antitrust review process (*High Scrutiny*) or not (*Low Scrutiny*). Panel B presents similar regression results for an additional partition based on whether a deal is classified as *Hostile* or *Friendly* based on data from ThompsonOne. 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 Scrutiny Partitions**

| Dependent variable: | (1) All | (2) High Scrutiny | (3) Low Scrutiny | (4) All | (5) High Scrutiny | (6) Low Scrutiny |
|---|---|---|---|---|---|---|
| | | 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 Scrutiny Partitions and Deal Hostility Partitions**

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|---|---|---|---|---|---|---|---|---|
| | Hostile | | | | Friendly | | | |
| | High Scrutiny | Low Scrutiny | High Scrutiny | Low Scrutiny | High Scrutiny | Low Scrutiny | High Scrutiny | Low Scrutiny |
| 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 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 departure shocks to an acquirer's judiciary committee representation. Sample mergers are partitioned based on whether the turnover case is a politician in the top quartile of judiciary committee seniority (Columns 1 and 2) or the other three quartiles of judiciary committee seniority (Columns 3 and 4). 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 or 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 Scrutiny | | Low Scrutiny | |
| 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. Sample mergers are partitioned based on whether they are likely to result in anti-competition concerns (*High Scrutiny*) or not (*Low Scrutiny*). 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 Scrutiny | Low Scrutiny | All | High Scrutiny | Low Scrutiny |
| 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: Political Contributions, Connections, and Antitrust Review Outcomes

This table presents regression results for an examination the association between merger party lobbying, political contributions, and political connections and merger antitrust review outcomes. Sample mergers are partitioned based on whether they are likely to result in anti-competition concerns (High Scrutiny) or not (Low Scrutiny) and whether a deal is classified as Hostile or Friendly. 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 Scrutiny | Low Scrutiny | High Scrutiny | Low Scrutiny | High Scrutiny | Low Scrutiny | High Scrutiny | Low Scrutiny |
| 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) |
| Business Connect acq | -0.255** | -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) |
| Business Connect 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) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|---|---|---|---|---|---|---|---|---|
|  | (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** |
| Business_Connect_acq = Business_Connect_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 = Business_Connect_acq | 1.63 | 0.38 | 2.56 | 0.30 | 0.02 | 0.05 | 1.57 | 0.01 |
| Lobbying_Com_acq = Business_Connect_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 = Business_Connect_tar | 0.43 | 0.05 | 4.85** | 2.20 | 1.23 | 1.14 | 5.29** | 2.46 |
| Lobbying_Com_tar = Business_Connect_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 regressions for sample mergers after partitioning based on a proxy to measure the merger party's demand for political involvement in the antitrust review process (*High Scrutiny*) or not (*Low Scrutiny*). 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 Scrutiny | Low Scrutiny | All | High Scrutin | Low Scrutin |
| Dependent variable: | | Outcome | | | Duration | |
| Constant | - | - | - | 4.388* | 3.561* | 4.389* |
| | | | | (15.04) | (6.94) | (10.77) |
| JudiciaryCom acq | - | - | -0.002 | - | - | -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 | - | -0.001 | -0.002 | - | -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 | - | - | -0.015 | -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 | - | -0.226 |
| | (-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 | - | -0.028* | -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. Sample mergers are partitioned based on whether they are likely to result in anti-competition concerns (*High Scrutiny*) or not (*Low Scrutiny*). 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**

| Dependent variable: | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|---|---|---|---|---|---|---|---|---|
| | Hostile | | | | Friendly | | | |
| | High Scrutiny | Low Scrutiny | High Scrutiny | Low Scrutiny | High Scrutiny | Low Scrutiny | High Scrutiny | Low Scrutiny |
| | 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 Scrutiny | Low Scrutiny | High Scrutiny | Low Scrutiny | High Scrutiny | Low Scrutiny | High Scrutiny | Low Scrutiny |
| 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 Scrutiny* and *Low Scrutiny* and *t*-tests of differences between the groups. First, we find no difference in the severity of the review outcomes across High Scrutiny and Low Scrutiny mergers. Furthermore, the antitrust review duration is roughly the same for the two groups. Relative to acquirers in low scrutiny mergers, acquirers in high scrutiny 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 scrutiny mergers than in low scrutiny mergers. In addition, acquirers in high scrutiny mergers tend to have more lobbying spending than in low scrutiny mergers. Target firms in high scrutiny mergers have higher lobbying spending to the Congress and political contributions. Both acquirers and targets in high scrutiny 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 Scrutiny / Low Scrutiny Subsamples and Friendly / Hostile Subsamples**

We present *t*-tests of differences between means after partitioning sample observations into high scrutiny and low scrutiny mergers (Columns 1-3) and friendly and hostile mergers (Columns 4-6). High scrutiny 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 scrutiny mergers are all other mergers. Friendly and Hostile mergers are based on the classification from the ThompsonOne database. All mergers not coded as Friendly are classified as Hostile.

| | (1) | (2) | (3) | (4) | (5) | (6) |
|---|---|---|---|---|---|---|
| | High Scrutiny | Low Scrutiny | *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*** |
| *Business_Connect_acq* | 0.25 | 0.21 | 1.72* | 0.23 | 0.28 | 1.41 |
| *Business_Connect_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 Fixed Effects**

This table presents regression results of Equations (1) and (2) without fixed effects (Columns 1-4) and without fixed effects and control variables (Columns 5-8). 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 Scrutiny | (2) Low Scrutiny | (3) High Scrutiny | (4) Low Scrutiny | (5) High Scrutiny | (6) Low Scrutiny | (7) High Scrutiny | (8) Low Scrutiny |
|---|---|---|---|---|---|---|---|---|
| Dependent variable: | Outcome | | Duration | | Outcome | | Duration | |
| Constant | - | - | 4.057\*\*\* (9.28) | 5.025\*\*\* (22.67) | - | - | 4.187\*\*\* (18.00) | 4.215\*\*\* (21.30) |
| JudiciaryCom_acq | -0.019\*\* (-2.55) | -0.006 (-1.55) | -0.026\*\* (-2.44) | -0.009 (-0.90) | -0.015\*\* (-2.19) | -0.007 (-1.29) | -0.018\*\* (-2.10) | -0.004 (-0.78) |
| JudiciaryCom_tar | 0.013\*\* (2.30) | 0.003 (0.80) | 0.016\*\* (2.27) | 0.009 (1.12) | 0.010\*\* (2.00) | 0.004 (0.91) | 0.010\* (1.90) | 0.005 (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 scrutiny and low scrutiny merger groups respectively. High scrutiny 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 scrutiny 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) |
|---|---|---|---|
| | All | High Scrutiny | Low Scrutiny |
| 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 |

**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.3.1 below).

**Table IA.3: Using State with Most # 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. 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 Scrutiny | (2) Low Scrutiny | (3) High Scrutiny | (4) Low Scrutiny |
|---|---|---|---|---|
| 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) |
| Controls | Yes | Yes | Yes | Yes |
| 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 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*). Second, 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 represent 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.

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 largely consistent with the results in the paper using *JudiciaryCom*. The results in Table IA 4.1 indicate that for hostile mergers that are high scrutiny 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%) decreased (increased) 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 scrutiny 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 dummy variables to measure acquirer or targets 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. Sample mergers are partitioned based on whether they are likely to result in anti-competition concerns (High Scrutiny) or not (Low Scrutiny) and whether a deal is classified as Hostile or Friendly. 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 Scrutiny | Low Scrutiny | High Scrutiny | Low Scrutiny | High Scrutiny | Low Scrutiny | High Scrutiny | Low Scrutiny |
| 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 acquirer 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. Sample mergers are partitioned based on whether they are likely to result in anti-competition concerns (High Scrutiny) or not (Low Scrutiny) and whether a deal is classified as Hostile or Friendly. 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 Scrutiny | Low Scrutiny | High Scrutiny | Low Scrutiny | High Scrutiny | Low Scrutiny | High Scrutiny | Low Scrutiny |
| 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 | - | -0.198 |
| | (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. 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 or 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 |