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Business Politics in an Era of Demographic Change

Abstract: As American business looks toward the future and its role in the policy-making process, it must consider how it is going to be affected by this country's ongoing demographic changes. As was the case in the 2012 elections, the changing face of American politics has the potential to produce a dramatic impact on the nature of business-government relations. This essay examines the future of business advocacy in the context of America's emerging demographics in three areas. First, although Republicans have long claimed to be "the party of business," the turn to the right by the GOP has created significant difficulties for business lobbies. Second, since the political profile of business can be influenced by the ways in which they define corporate social responsibility, analysis turns to the pressures business faces from both their own employees and outside groups to embrace particular values or causes. Finally, the essay addresses business leadership. If business leaders looked like America, would it make any difference in terms of business advocacy?

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The demographic tsunami that hit the Republican Party in the 2012 election has catalyzed serious soul-searching among the party faithful. Given the party's extremely poor performance among Black, Hispanic, and Asian Americans, it appears to have little choice but to change in ways that will make it more appealing to America's ethnic rainbow. As minorities continue to expand as an overall share of the total population, the GOP faces this stark choice: it either becomes more attractive to minorities or it ceases to be a viable national political party.

Exactly how the GOP refashions itself is unclear but what is certain is that it will affect American business. Republican success in recent decades is strongly linked to a popular perception of being the "party of business" (Smith 2007). The GOP has defined itself in terms of free-market solutions to policy problems, deregulation, low taxes, tax relief for corporations, and antagonism toward organized labor. Business is thus directly affected by the current struggle for the soul of the party. If the GOP moderates and becomes a more broadly-based party, it could

enhance business power as the party would stand a better chance of electing presidents who are more pro-business than anyone the Democrats would likely put up.

If the GOP can expand – only roughly a quarter of all Americans now identify as Republicans – it should also do better in congressional and state elections, opening the door to legislative and regulatory changes desired by business. In short, less Dodd-Frank and more friendly regulatory agencies. Yet business is also affected by America's changing demographics in ways independent of the Republicans' fate. Business long ago learned how to market its products to a complex and multi-racial society, but the political challenges it faces from America's changing ethnic composition require different responses than learning how to segment markets and tailor advertising to different ethnic and racial audiences.

Business power is manifested in many different ways, though the focus here is restricted to how business advocacy may be affected by broad population trends. By "advocacy," I mean the efforts of business to push government to adopt or maintain particular policies. This involves both lobbying on issues and the more general political orientation of business – how it relates to the two parties and how business coalitions and formal associations position themselves politically. Business's political orientation today is in flux, but it is important to note that business has always adapted to changes in the political landscape. Although divisions may emerge within the business sector as it adjusts to political changes, business unity is actually not typical (Smith 2000).

Since conflict among different industries and differences within industries is commonly the case, the notion of a single, dominant business viewpoint to be expressed in advocacy is an illusion. Today's challenges to business are substantial and if it is to maximize its influence in tomorrow's political world, it must successfully navigate a series of significant and complex choices.

This investigation of business and America's changing demographics is divided into three parts. First, analysis focuses on the relationship of business to the Republican Party. Business has a great deal at stake in the internal dynamics that will define the party of the future. Second, the examination turns to corporate social responsibility and pressures that may grow on business to move in a more progressive direction in terms of its involvement in public affairs. Finally, the question of business leadership is addressed. America's diversity is not well reflected in the leadership of large corporations, including both management and board composition. Would it make a difference politically if corporate America actually looked like the rest of America?

Business-GOP Tensions

Political scientists often find it useful to conceive of political parties as coalitions of interest-group sectors (Karol 2009; Bawn et al. 2012). Analytically, this has the advantage of providing greater clarity in tracking party change over time. Here I distinguish interest-group *sectors* as coalitions where there is typically no one organization that can speak for a broad segment of the population. There are times when parties actively pursue an interest-group sector because that sector's allegiance to one party has appeared to weaken or is otherwise up for grabs. Such a change of allegiance can have profound consequences. When the Republican Party – the party of Lincoln – failed to support civil rights in the 1960s, the Democrats more-accepting stance left the Republicans with only a sliver of black support. The GOP then conceded blacks to the Democrats and focused on voters and sectors they believed to be in play (Frymer 1999).

Business has never had to worry about the parties competing for both its votes and its financial contributions. The optimum position for any interest-group sector is for both parties to believe they can gain its support and, consequently, compete aggressively for its backing. Republicans have been particularly forceful in pursuing business, and former House GOP Whip Tom DeLay's "K Street Project" went so far as to threaten business lobbying firms with retaliation if they hired Democrats. The K Street Project ultimately failed, but the episode exemplifies the enduring tension faced by the business community between what is pragmatic and what, ideally, might pull the country toward a greater ideological commitment to free enterprise.

This tension has grown as the Republican Party has been pushed strongly to the right by the Tea Party insurgency. There is no one national Tea Party in the US. Rather, there is a large number of highly autonomous state and local organizations, some of which have been highly successful in the electoral process (Berry et al. 2012). Hard-right Senate primary candidates like Christine O'Donnell, Joe Miller, Richard Mourdock, Todd Akin, and Ted Cruz all received strong Tea Party backing in their victorious campaigns against more mainstream Republicans. This, in turn, has influenced congressional incumbents who fear casting votes in favor of bipartisan policies, such as TARP, that can subsequently be used against them in the next primary.

The movement to the right by the GOP has created three significant problems for business's relationship with the Republican Party. First, the GOP has increasingly become a white person's party. Fully 89% of all Republican self identifiers are non-Hispanic Whites (Gallup 2013). Even worse, the Tea Party element of the GOP has demonstrated a degree of racial insensitivity which complicates efforts by the broader party to attract minorities. Survey research by Christopher Parker

(2010) shows that Tea Party identifiers score significantly higher than other whites in terms of racial resentment. Relatedly, the conservative “outrage industry” composed of talk radio, Fox News, and political blogs, repeatedly offends minorities through their hostile language and choices involving coverage and perspective on news (Berry and Sobieraj, forthcoming). For corporations with their increasingly diverse workforces, the distance between their employees’ identities and values and those of a Tea Party-led Republican Party may become increasingly problematic.

A second issue is that Tea Party conservatives have often exhibited a disdain for big business. Its criticism is that big business contributes mightily to irresponsible budgeting, by lobbying for various tax expenditures and for direct spending that helps particular industries (such as defense contractors). Big business is also culturally tainted in the sense that it is, by definition, part of the Republican establishment that Tea Party candidates have railed against, on the grounds that it represents convenient and insincere conservatism. Newly elected Texas Senator Ted Cruz argues that “One of the biggest lies in politics is the lie that Republicans are the party of big business. Big business does great with big government. ... Republicans are and should be the party of small business and entrepreneurs” (Calmes 2013).

A third tension arises out of the intransigence of congressional Republicans on budgeting issues. Business leaders have clearly tired of the brinksmanship that seems to continually threaten a government shutdown or sudden, massive budget cuts. Such uncertainty is disconcerting to corporate America. As Goldman Sachs CEO Lloyd Blankfein told *Politico*, “Imagine what kind of stimulus it would be if politicians just reached some kind of long-term budget agreement to eliminate all this uncertainty” (White and Allen 2012). This exasperation with the Republicans came to a head in the fall of 2012 as the nation headed toward the so-called “fiscal cliff.” Leaders of eighty large businesses formed a lobbying group. Fix the Debt, to work on a bipartisan solution to these problems. Backed by \$40 million contributed by the companies, the group ran ads pushing for compromise in the Congress. Defying Republican orthodoxy, the organization and many business leaders signaled that it was time to include tax increases in legislation designed to lower the deficit.

Despite the pressure on the GOP that comes from the business community, rank-and-file Republican legislators necessarily remain highly sensitive to what conservative activists back in their districts and states want. A structural problem facing business is that it is difficult for it to influence party primaries. Its lack of involvement has contributed to the increasing success of newly elected legislators who believe they have been sent to Washington to work against compromise. For many conservatives, compromise is held to be at the heart of what

ails the country. Indiana Senate candidate Richard Mourdock, who defeated the more moderate Richard Lugar in a GOP primary, said during that campaign that if elected, he would not compromise because “we are at that point where one side or the other has to win this argument. One side or the other will dominate” (*Mediaite* 2012).

Interest groups typically avoid being heavily involved in party primaries, and business groups have largely avoided involving themselves in the internal fights that have flared within the GOP in the last two primary election cycles. Ironically, the Club for Growth, the one business group that has gained great prominence in primary fights, backs only candidates that it regards as true, pure conservatives. As a result, it has played a role in the party’s increasing *disinclination* toward bipartisanship.

The Republicans’ difficulty in attracting minorities has likewise worked to the advantage of the Democrats, who find an ever-increasing proportion of adherents who are minorities. Today, only 60% of Democratic self-identifiers are non-Hispanic whites (Gallup). Given projections of sharp growth among minorities as an overall proportion of the entire population, *ceteris paribus*, the Democrats appear to be an emergent majority party. Of course, it is never the case that all things stay the same in politics, and predictions of new majorities in America are too often wishful or naïve thinking. Still, there is a certainty to demographic change itself. The growth in the percentage of minorities who will cast ballots is inexorable.

For business lobbies, facing the pragmatic necessity of being able to work cooperatively with the Democrats in Congress and Democratic administrations, a growing electoral advantage for the Democrats has obvious implications. In the words of one lobbyist, “My job is to get access” (Berry and Wilcox 2009, p. 87). For many business sectors, no real shift is required, as through both individual and PAC donations they have cultivated both of the two parties. But some sectors (the oil and gas industry for example) have shown a pattern of strong favoritism toward the Republicans.

Clearly dissatisfied with the Obama Administration, financial service PACs tilted more strongly toward the Republicans in the 2012 election. After the GOP’s defeat at both the presidential and congressional levels, however, one industry lobbyist with close ties to the GOP complained, “Everyone in the financial industry, much like the business world, look at politics as an investment, and they just don’t feel like they got much of a return” (Palmer and Raju 2013). The Democrats appear well aware of this dissatisfaction and President Obama launched a charm offensive at the beginning of his second term to try to pull business lobbies into the party’s orbit (Calmes).

With less need to rein in business practices, as was the case when he took over in 2009 after the meltdown in the financial markets, Obama thus has an

opportunity to build support among business leaders, especially those who want the federal government to enact or maintain important regulatory policies. In the 2012 election, business-related interests contributed roughly 60% of all donations to the Republicans (McKinnon et al. 2012). If the Democrats' electoral advantages continue to grow, one has to think the Democrats' 40% share can quickly grow to at least half of all money contributed, in the process wiping out a significant Republican advantage.

Corporate Social Responsibility

A second facet of business adaptation to a changing America is its public commitment to corporate social responsibility (CSR). The concept is widely embraced by corporate America because it connotes positive values while demanding nothing terribly specific in terms of philanthropy, public-private partnerships, political stands, or publically articulated values. In other words, companies can choose how they define CSR and select the behaviors and investments that they hold up as representative of the values they embrace. Companies initiate most such endeavors, but they are also approached by national and international associations promoting CSR that ask them to adopt specific stands or take particular kinds of actions.

In theoretical terms, "CSR holds that organizations exist within networks of stakeholders, face the potentially conflicting demands of these stakeholders, and translate the demands into CSR objectives and policies" (Lindgreen and Swaen 2010, p. 2). Corporate behavior, such as insuring that no child labor is utilized in offshore manufacturing or mandating sustainability within a company's physical facilities, is lauded first and foremost on the grounds of virtue. But there is a business case for CSR as well. Advocates claim that CSR can reduce costs and risks, enhance a company's reputation, build competitive advantage, and optimize value (Lindgreen and Swaen, p. 4). Whether CSR actually accomplishes these business goals is another matter. In his comprehensive review of CSR efforts, David Vogel (2005, p. 13) finds that there is no evidence that corporate social responsibility improves the bottom line (though it does not hurt it either).

Ongoing demographic change within the US as well as citizen groups organizing by different constituencies have the potential to influence CSR in ways that alter the political stance of corporations. The core question about corporate political values is exactly whose interests does the corporation represent? If it is shareholders, it is easy for management to rationalize that supporting free-market

enterprise is always the appropriate political response. This may entail not only campaign contributions to favored candidates but corporate donations to conservative think tanks, university institutes promoting market solutions to public policy problems, advertising on behalf of causes, and product advertising on favored political shows (such as those on Fox or talk radio).

Yet for corporate leaders in today's world, conservative causes and candidates may be antithetical to their own workforce. A Republican fundraiser in New York expressed his frustration with the social causes embraced by his party's candidates by noting, "everyone [who lives here] has lots of gay friends, friends of color, Muslims, that's the world you live in. It's not exotic. It's part of the fabric of life" (Palmer and Raju). As GOP candidates continue to emphasize their opposition to gay marriage, use terms like "legitimate rape," rail against illegal immigration, back increasing restrictions on access to abortion, and vote against bills like the Violence Against Women Act, it pulls the party further away from many who now staff America's large corporations.

A recent example of heightened sensitivity to employees' political concerns is the *amicus* brief filed by over 200 corporations on a case before the Supreme Court involving same-sex marriage. The brief argued in favor of same-sex marriage on the grounds that the different state laws on the matter impose higher administrative costs on corporations as they must fit benefit plans to meet the standards of the state where each of their employees work. Beyond the benefits issue, however, there is little question that the firms signing the brief, such as Citigroup, Amazon, Disney, and Morgan Stanley, were also sending a message to their employees about how they valued them. As one insurance executive whose company signed the brief put it, "you need to change with the demographics of the nation" (Eckholm 2013).

This simple act of providing a brief to the Court sent a powerful political message about gay rights and clearly undermined forces within the GOP who would like to maintain an emphasis on traditional marriage. At the same time, some of these companies' employees may have been offended by their firms' liberal stance on same-sex marriage. The diversity of political views stretches in all directions. For some companies, the differences among their employees may push them away from political activity and more toward philanthropy in their overall portfolio of CSR activities.

If employees are offended by the public affairs involvement of their company, it is not easy for them to mobilize and confront management. Indeed, management's anticipation of employee reaction may be more critical than overt internal politicking. Yet pushback against company involvement in public affairs can come from outside the corporation, particularly from citizen advocacy groups. Those companies with brand name products are particularly vulnerable. A case

in point is Chick-fil-A, the fast-food chain with 1600 outlets across the US. Controversy emerged when company CEO Dan Cathy told a Christian news organization that his company supported the “biblical definition of the family unit.” A gay rights group then discovered that Chick-fil-A had contributed millions of dollars to groups trying to stop same-sex marriage as well as to organizations providing therapy designed to change people’s sexual orientation.

Gay advocacy groups called for a boycott of the restaurant, while conservative organizations and media figures responded by calling on supporters to frequent a Chick-fil-A store near them to show their appreciation of the company. Retailers, however, are not interested in selling their product to consumers on only one side of the ideological spectrum. A marketing survey taken after the controversy erupted found that among respondents who identified themselves as Democrats, Chick-fil-A ranked 1076 out of 1100 corporate brands in terms of popularity (Blake 2012). Not surprisingly, a few months after Cathy’s comments became public, the company announced that it was going to step away from actively participating in the policy debate over same-sex marriage (Lynch 2012; Severson 2012).

Even companies with no interest in directly engaging in politics can find their core values called into question because of their advertising. The fury surrounding Rush Limbaugh and Georgetown law student Sandra Fluke is instructive. In February of 2012, Fluke testified before a panel of House Democrats in Washington, arguing for health insurance coverage for contraception. Limbaugh went on the air the next day and said that Fluke “wants to be paid to have sex. She’s having so much sex she can’t afford the contraception.” He also said she was having so much sex it was “amazing” that she could still walk. Later he suggested that she put videos of herself having sex online, so that taxpayers could see what they were getting for money spent to support contraception. His diatribe against Fluke went on for 3 days (Berry and Sobieraj).

Limbaugh is heard by 15 million listeners a week on 600 radio stations across the US. When women’s groups and other liberal organizations began asking advertisers why they were supporting such an incendiary figure, the companies were caught off guard. Sponsors had no interest in defending Limbaugh or even in their participation as an advertiser. Advertisers like Carbonite, Quicken Loans, and AOL hastily abandoned Limbaugh and issued public apologies. When Ford’s social media director was asked why the car company was purchasing ads on such a politically controversial show, he said he had been unaware that it was purchasing time on Limbaugh’s network of stations. He explained that the company had bought a particular package through an ad agency and some spots ended up on Limbaugh (Lee 2012).

The Limbaugh episode illustrates not only how corporations can come under attack by ignoring the political ramifications of their behavior, but also their increased vulnerability in this high-tech age. The attack on Ford and other sponsors was waged solely through social media and other online tools. Once a call to boycott sponsors gained momentum, Clear Channel, the large corporate parent of the Limbaugh show, was helpless to stem the tide. It stood by as millions of dollars in advertising evaporated. Within a week, the battle was over, and scores of sponsors had left the show. Advertising softened across all of talk radio. Remarkably, the interest groups that attacked the sponsors spent little money: their advocacy was waged on platforms that cost little.

Conversely, companies can use CSR to try to rebuild their brands when politics sullies their image. Walmart has undergone a sustained attack for its fierce opposition to union organizing at its stores. At the same time, it has built a substantial reputation as a leader in corporate sustainability practices. Its emphasis on renewable energy sources, minimizing waste, and trying to support product lines that protect and sustain the environment has impressed outside groups and demonstrated a notable commitment to responsible practices.

Some might think that corporate social responsibility has been misconceived here by an emphasis on political involvement. Although it is certainly true that the expansiveness and ambiguity of the term leads different people to conceive of CSR in different ways, the earlier definition of it as incorporating cost savings, enhancement of a company's reputation, building competitive advantage, and optimizing value, is one that clearly encompasses political advocacy. More broadly, what a company does in public affairs creates judgments about it, and such judgments have a direct relationship to how that company may fare in the business arena it competes in. The vulnerability of American firms in the realm of public affairs may very well grow. Effective consumer boycotts are still relatively rare in the US, but citizen groups in Europe have made greater use of this tactic (McFarland 2011). With the immediacy of the Internet, companies can find that large numbers of consumers are reading searing criticism of their products, services, and values before they are able to fashion a response.

The changing demographics of the country have profound implications for the political behavior of the corporation. Sensitivity to the concerns of female, minority, and gay employees pushes the corporation toward policy stands embraced by the Democrats and generally ignored or opposed by the Republicans. Corporations have obviously responded to the changes in their workforce in different ways and at different rates. Still, in looking to the future, the way in which the corporation engages in meaningful corporate social responsibility is likely to be manifested in progressive causes.

Business Leadership

The response by the nation's largest corporations and Washington business lobbies to the challenges of America's changing demographics tells only part of the story. A look at business's grassroots – companies and trade associations rooted in cities – offers another perspective on the political direction of the business sector. Much more so than what we see in national politics, business involvement at the local level increasingly leans toward the progressive side of the ideological spectrum. A significant example is environmental policy.

In a number of cities, local business groups have enthusiastically embraced sustainability efforts. When Chattanooga found its economy in a downward spiral, it adopted sustainability as an economic development strategy. Vigorous and successful initiatives emerged out of this strategy, and the city has recovered at least part of what it lost. Interestingly, though, “Virtually none of the activities associated with sustainability in Chattanooga have been directed . . . by a city agency of any sort.” Rather, when it comes to the sustainability program, “the single most important organization in the city is the [local] Chamber of Commerce” (Portney 2013, p. 291).

It is truly inconceivable to think of the national Chamber of Commerce taking the lead in Washington on promoting sustainability. Indeed, a number of business associations and corporate lobbying offices there have aggressively battled efforts to institute policies designed to protect the environment. Why, then, do we find a much more progressive stance by the business leadership in cities?

Again, demographics are instructive. Who resides in the cities of today? Between the selection bias of who chooses to live in cities and the economics of housing and accessibility to jobs, the population of cities is much more politically progressive than the rest of America. In a city with a large proportion of minorities, with strong government employee unions, and with young professionals who are attracted to living within a city because, among other things, it has a diverse population, does it make sense for local business leaders to fight for small government? A push for this bedrock conservative principle would represent a stark disconnect with most large-city residents.

Cities are also limited in what they can regulate, thus removing many of the contentious policy areas that animate business-government relations in Washington. What cities do regulate that is central to business is land use. For developers, not coincidentally one of the more politically active sectors of local business communities, staying in the good graces of city hall is imperative for gaining access to land parcels and to the variances and zoning approvals that are a prerequisite to actually building something. In Boston, for example, the Boston Redevelopment Authority has formal say over development proposals in the City, but for decades

the powerful, progressive, and thin-skinned mayor, Thomas Menino has been the ultimate decision-maker. Whatever a developer's private political views, support for the mayor is a prerequisite for the city's support for any large-scale project.

Local business leaders also benefit from the smaller and more open nature of city government. City Hall needs business to help it accomplish its goals, and city regimes integrate business leadership into government in vital ways (Stone 1989). Unlike national politics, cities have low barriers to entry for advocacy groups, and partnerships easily emerge in the simpler, smaller scale of city government (Berry 2010). For business, city politics fundamentally differs from national politics in another crucial way: the Republican Party in many cities is but a minor force. Democrats dominate most large cities, and for business associations in such places, there is every reason to ignore the GOP and focus exclusively on the party in power.

Business lobbies in Washington are clearly responding to different constituencies. The changing demographics of America and emerging advantages on the Democratic side have not moved business lobbies toward the progressive side of the political spectrum nearly as much as is the case on the local level. Yet there are cracks in the edifices of some of Washington's most important business lobbies. The challenges faced by two of them, both linked closely with the Republican Party, are interesting to consider. The national Chamber of Commerce, perhaps the first organization that comes to mind when one thinks of business lobbying, quickly became a symbol of conservative antagonism toward the Obama Administration. It has been a virulent critic of the Affordable Care Act, and its head, Thomas J. Donohue, has warred openly with President Obama.

At first glance, the Chamber's turn to a harder-edged conservatism may seem to fly in the face of the main argument of this essay. Because of its behavior, however, the national Chamber has come under attack by its own membership. Large, high-stature companies such as Apple, Pacific Gas and Electric, Exelon, and PNM Resources have quit the organization, and Nike resigned from the board (Elis 2009; Cummings 2010). The Chamber's fight against efforts to reduce global warming has antagonized firms that have made major commitments on their own to reduce greenhouse gas emissions.

Tensions with local chambers have emerged due to the national Chamber's policy views, and some, such as the San Francisco Chamber, have left the national organization. Most memberships in the national Chamber come from small businesses who become members by virtue of their affiliation with their local chambers. The national Chamber is under no threat of crumbling anytime soon, but the style and direction of leadership by Donohue may need to give way to something more moderate if the organization is to maintain its influence in Washington over the longer term.

The National Federation of Independent Business (NFIB) has earned a well-deserved reputation for aggressive lobbying on behalf of conservative causes. The Republican orientation of the organization actually stands in contrast to the ownership demographics of small businesses, which is roughly evenly divided between Republicans and Democrats (Mandelbaum 2009a). The NFIB has been a vigorous opponent of the Obama Administration, but its vibrancy in conservative circles belies serious internal problems. In the space of just 3 years, its membership dropped from 600,000 to 350,000 (Mandelbaum 2009b).

It is not clear how much of this dip is due to inflated membership numbers that have now been cleaned up, to the impact of the recent recession, or to disenchantment with the NFIB's direction. The embarrassing "loss" of membership and the NFIB's unstinting opposition to the Obama Administration have led to questions about its future effectiveness. Yet there is no evidence of the organization moving toward a more bipartisan profile.

Leadership from the business community does not come exclusively from the large business lobbies but from corporate leaders and respected elders as well. Certainly commentary on business and public policy by moderates like Bill Gates and Warren Buffett attract attention. Corporate heads like Jamie Dimon of J.P. Morgan and Lloyd Blankfein of Goldman Sachs are frequently called on by those in government and the press for their views. Unfortunately, what characterizes our current era is the absence of strong political leadership by corporate chieftains. Moderate voices, weak as they are, must compete with conservative businessmen who seem draw much more attention.

In this, figures such as Sheldon Adelson, Bob Perry, Charles and David Koch, and Stephen Schwarzman have proven to be considerably better copy than more-mainstream business leaders. Who wants to quote the mild-mannered John Engler of the Business Roundtable, even though he ostensibly speaks for the political interests of the nation's largest corporations? Schwarzman, the billionaire head of the Blackstone Group, a private equity fund, seemed to capture the *zeitgeist* of this polarized era when he compared Obama's tax proposal on carried interest to the time "when Hitler invaded Poland" (Mann and Ornstein 2012, p. 180).

What is conspicuously absent from this visible group are business figures other than the usual suspects – middle-aged (and older) white men. The glass ceiling seems even thicker when it comes to those who speak for business before government. One assumes that the leadership of major business trade and peak associations will continue to reflect the demographics of CEOs and corporate boards. In this vein, the progress of women and minorities in ascending the top ranks of corporations has proven to be painfully slow. Only 14% of CEOs and 16% of directors of Fortune 500 companies are women (Johnston 2012). Improvement in this area

is so sluggish that at least one state Treasurer, Steve Grossman of Massachusetts, issued guidelines mandating that the presence of women in executive suites and in the boardroom be taken into account into decisions as to where to invest state funds (Johnston).

Both individual European countries and the EU have looked seriously at affirmative action designed to increase board diversity. The EU's Commission formally considered a proposal to require that women fill at least 40% the seats on company boards within Europe but decided against it (Norman and Stevis 2012). This issue seems destined to return before EU policymakers. Quotas already exist in the Netherlands and Norway, but it is difficult to generalize from the experience of these small countries to the US and other major economies.

The bottom line question, of course, is if the mix of CEOs and board members “looked like America,” would it really make a difference? No matter the demographic, the traditional imperatives for business leaders would still apply: the need to make a profit, grow the business, and stay ahead of the competition. It may seem that business management skills trump all else. Yet unless one's developmental experiences are irrelevant to the exercise of leadership, more diversity in the upper echelons of corporations is likely to bring different perspectives to the ongoing interaction between business and government.

Conclusion

The changing demographics of the US is affecting business through the difficulties faced by the Republican Party, through changing expectations of corporate social responsibility, and through the emergence of a highly diverse workforce within the modern corporation. Important as these trends are, it is important to keep them in perspective; such changes will not render business a helpless, pitiful giant before government. As Charles Lindblom argued in his classic, *Politics and Markets* (1977), business has a “privileged” position in the political process. It is first among non-equals in the lobbying world, because no other sector has as vital a resource as does business: the political system *relies* on business.

Yet despite its advantages, business is being buffeted by a variety of developments that challenge long-standing patterns of political behavior by both corporations and trade groups. The aggregate force of these demographic and institutional changes appears to be pushing business toward a more progressive political stance. National business organizations will not soon mirror the progressivity of local businesses, but they may move incrementally toward more liberal positions on selected issues.

In assessing the power of business in the years to come, much depends on the direction of the Republican Party. If the GOP is unable to moderate, the changing demographics of the American population will likely reduce its strength. Business lobbies are generally pragmatic in nature, and under this scenario, greater accommodation with the Democrats seems likely. Business, of course, is not monolithic, and there has always been substantial support of the Democrats by various industries and individual donors. Nevertheless, any movement, even one modest in scale, away from the GOP and toward the Democrats (or even toward neutrality) threatens the Republicans.

Part of the difficulty in divining the future path of business in the political world is that its leadership seems weak, divided, and unrepresentative of the people who work in corporate America. Although there should be no expectation of one voice for business, this interest-group sector seems more in flux than usual in terms of its relation to government. We may be entering a period where the baton is being passed, even though it is not at all clear who might emerge to lead business as it navigates a mixed economy in which government plays an important role.

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